REPORT

FROM THE

SELECT COMMITTEE

ON

EAST INDIA FINANCE;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

~~R-14714~~
Rare section
1872
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Ordered, by The House of Commons, *to be Printed,*
23 *July* 1872.

Thursday, 15*th February* 1872.

Ordered, THAT a Select Committee be appointed "to inquire into the Finance and Financial Administration of India."

Friday, 16*th February* 1872.

Ordered, THAT the Committee do consist of Twenty-seven Members.

Committee nominated of—

Mr. Ayrton.
Mr. Stephen Cave.
Mr. Crawford.
Mr. Baring.
Mr. Fawcett.
Mr. Beckett Denison.
Sir Charles Wingfield.
Mr. Eastwick.
Mr. Dickinson.
Mr. Bourke.
Mr. Candlish.
Sir James Elphinstone.
Mr. Lyttelton.
Mr. Birley.
Sir David Wedderburn.
Mr. Beach.
Sir Thomas Bazley.
Mr. Hermon.
Mr. M'Clure.
Mr. Cross.
Mr. John Benjamin Smith.
Mr. Grant Duff.
Sir Wilfrid Lawson.
Mr. Robert Fowler.
Mr. Haviland-Burke.
Mr. Charles Dalrymple.
Sir Stafford Northcote.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Seven be the Quorum of the Committee.

Tuesday, 19*th March* 1872.

Ordered, THAT Sir *Wilfrid Lawson* be discharged from further attendance on the Committee.

Ordered, THAT Lord *Edmond Fitzmaurice* be added to the Committee.

Friday, 31*st May* 1872.

Ordered, THAT Five be the Quorum of the Committee.

Tuesday, 23*rd July* 1872.

Ordered, THAT the Committee have power to report their Observations, together with the Minutes of Evidence taken before them, to The House.

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REPORT.

THE SELECT COMMITTEE appointed "to inquire into the FINANCE and FINANCIAL ADMINISTRATION of INDIA ;"——HAVE considered the matters to them referred, and have agreed to the following REPORT :—

YOUR Committee having in the last Session reported the evidence taken by them respecting the revenues of India, have now to report the evidence they have received respecting the expenditure.

Your Committee have prosecuted a careful and detailed inquiry into the expenditure in England under the direct supervision of the Secretary of State for India in Council.

Your Committee have also inquired, with equal care and detail, into the expenditure in India for Civil Services, which, including the interest on the public debt and other obligations of the British Government of India, but excluding public works expenditure, amounted to the sum of 23,271,082 *l.* for the year 1870-71. This has been compared with the expenditure for Civil Services for the year 1856-57, which amounted to 14,964,872 *l.* This year has been selected for comparison as being the year before the great events took place which distracted India, and before the direct administration by the Minister of the Crown was introduced. The circumstances connected with the first growth of expenditure on some heads, and the increase on others, have been inquired into. Appendix, No. 25.

General evidence respecting the financial administration has also been laid before your Committee. Witnesses who have long resided in India, and have there engaged in private enterprise, have stated the views they entertained and believe to be shared by others in India. Mr. Laing and Mr. Massey, who have filled the important office of financial member of the Governor General's Council in India, have given valuable evidence respecting the state of Indian credit, the condition of the Indian finances, and the best mode of administering them in future. Sir Charles Trevelyan, who held the same office, being unable to attend, his evidence has been deferred.

The Secretary of State for India has not yet been able to lay before your Committee a complete exposition of the military expenditure in India, and of the questions connected with it, which will require the most serious consideration. Your Committee are of opinion that it is better to allow full time for this than to embark in any partial investigation.

In the course of the inquiry, it has become apparent that, in order to obtain a clear view of the present financial condition of India, it is necessary to examine into the system which has recently commenced, and is now growing up, of local finance and local taxation. Your Committee have requested that they may be furnished with an explanation of the operation of this system and all the details of the local taxation, but the Secretary of State not being in a position to furnish the requisite information, their request has been referred to India.

It is also desirable to invite those Ministers of the Crown who have held the office of Secretary of State, and other officers who have held responsible position in Indian administration, to give evidence, but your Committee have deemed

deemed it better to defer this until they are in possession of that relating to the military expenditure and local taxation. In the meantime the searching inquiry your Committee have been carrying on, will not, they trust, have failed to bring home to the Secretary of State for India and to the Governor General in India, the necessity for having a most complete and accurate registration of facts necessary to enable responsible Ministers to form a just judgment on the financial administration of India. No just opinion should be expressed or can be formed on allegations which have been made before your Committee, respecting important financial affairs, until the requisite explanations have been afforded, and the evidence relating to them is complete. They therefore recommend that the Committee be re-appointed in the next Session in order that their labours may be brought to a satisfactory close.

23 *July* 1872.

R-2474

PROCEEDINGS OF THE COMMITTEE.

Rare section

Thursday, 22nd February 1872.

MEMBERS PRESENT:

Mr. Grant Duff.
Mr. Hermon.
Mr. Birley.
Mr. John Benjamin Smith.
Sir Thomas Bazley.
Mr. Cross.
Mr. Robert Fowler.
Mr. Eastwick.
Sir Charles Wingfield.
Mr. Ayrton.
Mr. Charles Dalrymple.
Mr. Candlish.
Mr. M'Clure.
Mr. Fawcett.
Sir David Wedderburn.
Mr. Dickinson.
Sir Stafford Northcote.
Mr. Beckett Denison.

Mr. *Ayrton* was called to the Chair.

The Committee deliberated.

[Adjourned till Friday, 1st March, at Twelve o'clock.

Friday, 1st March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. Grant Duff.
Mr. Lyttelton.
Mr. Charles Dalrymple.
Mr. Fawcett.
Mr. John Benjamin Smith.
Mr. M'Clure.
Sir David Wedderburn.
Sir Wilfrid Lawson.
Sir Stafford Northcote.
Sir Charles Wingfield.
Mr. Cross.
Mr. Birley.
Mr. Dickinson
Mr. Beach.
Sir James Elphinstone.
Mr. Hermon.

General Sir *W. Pears* and Mr. *Seccombe* were examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 5th March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair

Sir James Elphinstone.
Mr. Hermon.
Mr. Eastwick.
Sir Thomas Bazley.
Sir Charles Wingfield.
Mr. Lyttelton.
Mr. Dickinson.
Sir Stafford Northcote.
Mr. Cross.
Mr. Birley.
Mr. Grant Duff.
Mr. Fawcett.
Mr. Charles Dalrymple.
Mr. Beach.
Mr. Haviland-Burke.
Mr. Robert Fowler.

Sir *H. Pears*, Mr. *Seccombe*, and Mr. *Richardson*, were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 8th March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Sir Stafford Northcote.
Sir Charles Wingfield.
Sir Thomas Bazley.
Mr. Hermon.
Mr. Birley.
Mr. Charles Dalrymple.
Mr. Lyttelton.
Mr. Fawcett.
Mr. Grant Duff.
Sir David Wedderburn.
Mr. Eastwick.

Mr. *Talbot*, Mr. *Henry C. G. Bedford*, and Mr. *Seccombe*, were examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 12th March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir Thomas Bazley.
Mr. John Benjamin Smith.
Mr. Cross.
Sir Stafford Northcote.
Sir David Wedderburn.
Sir Charles Wingfield.
Mr. Beach.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Mr. Crawford.
Mr. Lyttelton.
Mr. Eastwick.
Mr. Fawcett.
Mr. Dickinson.
Mr. Hermon.
Mr. Robert Fowler.
Mr. Beckett Denison.

Mr. *Seccombe*, Mr. *Thornton*, and Mr. *Danvers*, were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 15th March 1872,

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. Lyttelton.
Sir Charles Wingfield.
Mr. Dickinson.
Mr. Birley.
Sir David Wedderburn.
Mr. Beckett Denison.
Mr. Grant Duff.

The Committee deliberated.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 19th March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. Crawford.
Sir. Thomas Bazley.
Mr. Fawcett.
Sir Charles Wingfield.
Sir David Wedderburn.
Mr. Robert Fowler.
Mr. Hermon.
Sir James Elphinstone.
Mr. Grant Duff.
Mr. Beach.
Mr. Charles Dalrymple.
Mr. Birley.
Mr. Cross.
Mr. M'Clure.
Mr. Lyttelton.
Mr. Beckett Denison.

Mr. *Thornton,* Mr. *Danvers,* and Mr. *Ashburner,* were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 22nd March 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir Thomas Bazley.
Mr. Fawcett.
Mr. Lyttelton.
Mr. Charles Dalrymple.
Sir David Wedderburn.
Mr. Beach.
Lord Edmond Fitzmaurice.
Sir Stafford Northcote.
Mr. Eastwick.
Mr. Grant Duff.
Sir James Elphinstone.
Sir Charles Wingfield.
Mr. Beckett Denison.

Mr. *Thornton,* Colonel *Chesney,* and Mr. *Talbot,* were examined.

[Adjourned till Tuesday, 9th April, at Twelve o'clock.

Tuesday, 9th April 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Sir Thomas Bazley.
Lord Edmond Fitzmaurice.
Mr. Crawford.
Mr. Fawcett.
Mr. Beach.
Mr. Birley.
Sir David Wedderburn.
Mr. Lyttelton.
Mr. Charles Dalrymple.
Mr. Cross.
Sir James Elphinstone.
Mr. Dickinson.
Mr. Eastwick.
Mr. Grant Duff.
Mr. Robert Fowler.
Mr. M'Clure.

Mr. *Danvers* and Mr. *Thornton* were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 12*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Sir James Elphinstone.
Mr. John Benjamin Smith.
Sir Thomas Bazley.
Sir David Wedderburn.
Mr. Lyttelton.
Lord Edmond Fitzmaurice.
Mr. Charles Dalrymple.
Mr. Eastwick.
Sir Charles Wingfield.
Mr. Fawcett.
Mr. Beach.
Mr. Cross.
Sir Stafford Northcote.
Mr. Beckett Denison.
Mr. M'Clure.
Mr. Dickinson.

Mr. *Elliot* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 16*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Mr. John Benjamin Smith.
Mr. Birley.
Sir Thomas Bazley.
Lord Edmond Fitzmaurice.
Mr. Eastwick.
Mr. Fawcett.
Sir Charles Wingfield.
Mr. Dickinson.
Mr. M'Clure.
Mr. Cross.
Mr. Grant Duff.
Mr. Robert Fowler.
Sir James Elphinstone.
Mr. Lyttelton.

Mr. *Harrison* and Mr. *Gay* were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 19*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Mr. Beckett Denison.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Lord Edmond Fitzmaurice.
Mr. Eastwick.
Mr. Hermon.
Mr. Dickinson.
Mr. Lyttelton.
Sir Stafford Northcote.
Mr. Charles Dalrymple.
Mr. Fawcett.
Sir Charles Wingfield.
Mr. Beach.
Mr. Stephen Cave.
Mr. Grant Duff.
Mr. Cross.
Sir James Elphinstone.

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 23*rd April* 1872.

MEMBERS PRESENT :

Mr. AYRTON, in the Chair.

Mr. Eastwick.
Lord Edmond Fitzmaurice.
Sir David Wedderburn.
Sir Thomas Bazley.
Mr. John Benjamin Smith.
Mr. Dalrymple.
Sir Charles Wingfield.
Mr. Lyttelton.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Dickinson.
Mr. Cross.
Mr. Stephen Cave.
Mr. M'Clure.

Mr. *Harrison*, Mr. *Gay*, and Colonel *Robinson*, were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 26*th April* 1872.

MEMBERS PRESENT :

Mr. AYRTON, in the Chair.

Sir Thomas Bazley.
Sir David Wedderburn.
Sir Charles Wingfield.
Mr. Birley.
Mr. Eastwick.
Sir Thomas Bazley.
Mr. Candlish.
Mr. Dickinson.
Mr. Cross.
Mr. Lyttelton.
Mr. Beach.
Sir James Elphinstone.
Mr. Charles Dalrymple.

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 30*th April* 1872.

MEMBERS PRESENT :

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Sir Charles Wingfield.
Mr. Baring.
Sir Thomas Bazley.
Sir David Wedderburn.
Lord Edmond Fitzmaurice.
Mr. Dickinson.
Mr. Fawcett.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beach.
Mr. Beckett Denison.
Mr. Grant Duff.
Mr. Stephen Cave.
Mr. Robert Fowler.
Mr. Lyttelton.
Mr. Birley.
Mr. Eastwick.

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Friday next, at Twelve o'clock.

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Friday, 3rd *May* 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Sir David Wedderburn.
Lord Edmond Fitzmaurice
Mr. Lyttelton.
Sir Charles Wingfield.
Mr. Dickinson.
Mr. Birley.
Mr. Charles Dalrymple.
Mr. Eastwick.
Mr. Beach.
Mr. Beckett Denison.

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 10*th May* 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Mr. Dickinson.
Mr. Charles Dalrymple.
Sir David Wedderburn.
Lord Edmond Fitzmaurice.
Sir Thomas Bazley.
Mr. Lyttelton.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Stephen Cave.

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Friday, the 31st May, at Twelve o'clock.

Friday, 31*st May* 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir Thomas Bazley.
Mr. John Benjamin Smith.
Mr. Lyttelton.
Mr. Beach.
Mr. Charles Dalrymple.
Lord Edmond Fitzmaurice.
Mr. Fawcett.
Mr. Birley.
Mr. Cross.
Mr. Eastwick.
Mr. Grant Duff.
Sir Stafford Northcote.
Mr. Stephen Cave.
Sir Charles Wingfield.
Mr. Candlish.

Motion made, and Question, "That the Chairman be directed to apply to the House that the quorum of the Committee be five instead of seven"—(Sir *Thomas Bazley*),—put, and *agreed to.*

Mr. *Harrison* and Mr. *Gay* were further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 4th June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Mr. Bourke.
Mr. John Benjamin Smith.
Sir Thomas Bazley.
Mr. Candlish.
Mr. Hermon.
Mr. Lyttelton.
Sir Charles Wingfield.
Mr. Fawcett.
Mr. Beach.
Mr. Dickinson.
Sir David Wedderburn.
Mr. Grant Duff.
Mr. Charles Dalrymple.
Lord Edmond Fitzmaurice
Mr. Birley.
Sir James Elphinstone.
Mr. Eastwick.
Mr. Stephen Cave.
Mr. Cross.
Mr. Beckett Denison.

Mr. *Harrison*, Mr. *Gay*, and General *Strachey*, were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 7th June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Mr. Bourke.
Sir Thomas Bazley.
Mr. John Benjamin Smith.
Mr. Charles Dalrymple.
Mr. Eastwick.
Sir Charles Wingfield.
Mr. Fawcett.
Mr. Beach.
Mr. Dickinson.
Mr. Candlish.
Mr. Lyttelton.
Sir David Wedderburn.
Mr. Beckett Denison.
Mr. Cross.
Mr. Grant Duff.
Mr. Hermon.
Mr. Stephen Cave.
Lord Edmond Fitzmaurice.

General *Strachey* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 11th June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Sir James Elphinstone.
Sir Thomas Bazley.
Mr. John Benjamin Smith.
Mr. Lyttelton.
Mr. Bourke.
Mr. Eastwick.
Mr. Dickinson.
Sir David Wedderburn.
Mr. Fawcett.
Sir Charles Wingfield.
Mr. Charles Dalrymple.
Lord Edmond Fitzmaurice.
Mr Cross.
Mr. Grant Duff.

General *Strachey* was further examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 14th June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Mr. John Benjamin Smith.
Mr. Bourke.
Mr. Lyttelton.
Mr. Eastwick.
Mr. Charles Dalrymple.
Sir Charles Wingfield.
Mr. Fawcett.
Mr. Cross.
Sir David Wedderburn.
Mr. Hermon.
Mr. Birley.
Sir James Elphinstone.
Mr. Stephen Cave.
Mr. Grant Duff.

General *Strachey* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 18th June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Sir Thomas Bazley.
Mr. John Benjamin Smith.
Lord Edmond Fitzmaurice.
Mr. Eastwick.
Sir Charles Wingfield.
Mr. Beach.
Mr. Hermon.
Sir David Wedderburn.
Mr. Dickinson.
Mr. Fawcett.
Mr. Lyttelton.
Mr. Charles Dalrymple.
Mr. Robert Fowler.
Mr. Grant Duff.
Mr. Cross.
Mr. Stephen Cave.

General *Strachey* and Sir *John Kaye* were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 21st June 1872.

MEMBERS PRESENT:

Mr. Ayrton, in the Chair.

Sir James Elphinstone.
Mr. John Benjamin Smith.
Mr. Eastwick.
Sir Stafford Northcote.
Sir Charles Wingfield.
Mr. Fawcett.
Sir David Wedderburn.
Mr. Dickinson.
Mr. Birley.
Mr. Beach.
Mr. Cross.
Mr. Grant Duff.
Mr. Lyttelton.
Lord Edmond Fitzmaurice.
Mr. Charles Dalrymple.
Sir David Wedderburn.
Mr. Bourke.
Mr. M'Clure.

General *Strachey* was further examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 25th June 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir James Elphinstone.	Mr. John Benjamin Smith.
Sir Charles Wingfield.	Mr. Birley.
Sir David Wedderburn.	Mr. Charles Dalrymple.
Mr. Hermon.	Mr. Beckett Denison.
Lord Edmond Fitzmaurice.	Mr. Fawcett.
Mr. Eastwick.	Mr. Robert Fowler.
Mr. Grant Duff.	Mr. Cross.
Mr. Bourke.	

Sir *John Kaye* was further examined.

Motion made, and Question put, "That the evidence of Sir John Kaye, regarding the charge for the Nizamut of Bengal, be struck out of the Minutes"—(Mr. *Beckett Denison*).—The Committee divided:

Ayes, 10.	Noes, 3.
Mr. Hermon.	Lord Edmond Fitzmaurice.
Mr. Beckett Denison.	Mr. Charles Dalrymple.
Sir James Elphinstone.	Mr. Eastwick.
Mr. John Benjamin Smith.	
Mr. Grant Duff.	
Sir Charles Wingfield.	
Mr. Fawcett.	
Mr. Birley.	
Mr. Beach.	
Sir David Wedderburn.	

Examination resumed.

General *Strachey* was further examined.

[Adjourned till Friday, 28th June, at Twelve o'clock.

Friday, 28th June 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir Thomas Bazley.	Mr. Hermon.
Mr. M'Clure.	Mr. Charles Dalrymple.
Mr. John Benjamin Smith.	Mr. Beach.
Lord Edmond Fitzmaurice.	Mr. Grant Duff.
Mr. Bourke.	Sir James Elphinstone.
Sir Charles Wingfield.	Mr. Beckett Denison.
Mr. Fawcett.	Sir Stafford Northcote.
Mr. Cross.	Mr. Eastwick.
Mr. Lyttelton.	Mr. Robert Fowler.
Sir David Wedderburn.	Mr. Dickinson.

Mr. *Laing* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 2nd July 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir James Elphinstone
Mr. Beckett Denison.
Mr. John Benjamin Smith.
Mr. Lyttelton.
Mr. Eastwick.
Sir Charles Wingfield.
Mr. Beach.
Mr. Fawcett.
Mr. Bourke.
Mr. Stephen Cave.
Mr. Hermon.
Mr. Charles Dalrymple.
Lord Edmond Fitzmaurice.
Sir David Wedderburn.
Mr. Robert Fowler.
Mr. M'Clure.

Mr. *Laing* and General *Strachey* were examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 5th July 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Afterwards Sir STAFFORD NORTHCOTE in the Chair.

Mr. John Benjamin Smith.
Mr. Candlish.
Mr. Lyttelton.
Mr. Eastwick.
Sir Stafford Northcote.
Mr. Fawcett.
Mr. Beach.
Sir David Wedderburn.
Mr. Birley.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr Grant Duff.
Lord Edmond Fitzmaurice.
Mr. Bourke.
Sir Charles Wingfield.
Mr. Robert Fowler.

Mr. *Dacosta* and Sir *A. Cotton* were examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 9th July 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Mr. John Benjamin Smith.
Sir Thomas Bazley.
Mr. Beach.
Mr. Lyttelton.
Mr. Dickinson.
Mr. Cross.
Mr. Hermon.
Mr. Beckett Denison.
Mr. Stephen Cave.
Mr. Charles Dalrymple.
Mr. Robert Fowler.
Sir Charles Wingfield.
Sir David Wedderburn.
Mr. M'Clure.
Mr. Birley.
Mr. Grant Duff.
Mr. Bourke.

Sir *A. Cotton* was further examined.

Mr. *Hutton* was examined.

In the absence of Mr. *Ayrton*, Mr. *Lyttelton* was called to the Chair.

The Right Hon. *W. Massey* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 16*th July* 1872.

MEMBERS PRESENT:

Mr. John Benjamin Smith.	Lord Edmond Fitzmaurice.
Mr. Birley.	Mr. Stephen Cave.
Mr. Dickinson.	Mr. M'Clure.
Sir David Wedderburn.	Mr. Bourke.
Sir Thomas Bazley.	Mr. Grant Duff.
Mr. Lyttelton.	Mr. Hermon.

In the absence of Mr. *Ayrton*, Mr. *John Benjamin Smith* was called to the Chair.

The Right Hon. W. *Massey* was examined.

[Adjourned till Tuesday next, at One o'clock.

Tuesday, 23*rd July* 1872.

MEMBERS PRESENT:

Mr. AYRTON, in the Chair.

Sir Stafford Northcote.	Sir Thomas Bazley.
Sir Charles Wingfield.	Lord Edmond Fitzmaurice.
Mr. Grant Duff.	Mr. Eastwick.
Mr. Fawcett.	Mr. Lyttelton.
Mr. M'Clure.	Mr. Bourke.
Mr. John Benjamin Smith	Mr. Cross.
Mr. Birley.	Mr. Stephen Cave.
Mr. Dickinson.	

DRAFT REPORT, proposed by the Chairman, read the first time, as follows:—

"1. Your Committee having in the last Session reported the evidence taken by them respecting the revenues of India, have now to report the evidence they have received respecting the expenditure.

"2. Your Committee have prosecuted a careful and detailed inquiry into the expenditure in England under the direct supervision of the Secretary of State for India in Council. But little of this has originated with that authority; the greater part is the direct consequence of administrative acts in India; in regard to which, after they have been sanctioned by the Secretary of State in Council when referred to him for that purpose, he becomes the mere agent of the Government of India.

"3. Your Committee have also inquired, with equal care and detail, into the expenditure in India for Civil Services, these including the interest on the public debt and other obligations of the British Government of India, amounted to the sum of l. for the year. This has been compared with the expenditure for the year 1856–57, the year before the great events which distracted India took place, and before the direct administration by the Minister of the Crown was introduced; the causes of the first growth of expenditure on some heads, and the increase on others, has been fully explained.

"4. General evidence respecting the financial administration has also been laid before your Committee. Witnesses who have long resided in India, and have there engaged in private enterprise, have stated the views they entertained and believe to be shared by others in India. Mr. Laing and Mr. Massey, who have filled the important office of financial members of the Governor General's Council in India, have given valuable evidence respecting the condition of the Indian finances, the state of Indian credit, and the best mode of administering them in future. Sir Charles Trevelyan, who held the same office, being unable to attend, his evidence has been deferred.

"5. The Secretary of State for India has not yet been able to lay before your Committee a complete exposition of the military expenditure and of the questions connected with it, which will deserve the most serious consideration. Your Committee are of opinion that it is better to allow full time for this than to embark in any precipitate and partial investigation.

"6. In the course of the inquiry, it has become apparent that, in order to obtain a clear view of the present financial condition of India, it is necessary to examine into the system which has recently commenced, and is now growing up, of local taxation. Your Committee

mittee have requested that they may be furnished with an explanation of the operation of this system and all the details of the local taxation, but the Secretary of State not being in a position to furnish the requisite information, their request has been referred to India.

"7. It is also desirable to invite those Ministers of the Crown who have held the office of Secretary of State, and other officers who have held responsible positions in Indian administration, to give evidence, but your Committee have deemed it better to defer this until they are in possession of that relating to the military expenditure and local taxation; they therefore recommend that the Committee be re-appointed in the next Session in order that their labours may be brought to a satisfactory close. In the meantime the searching inquiry they have been carrying on, will not, they trust, have failed to bring home to the Secretary of State for India and to the Governor General in Council, the necesssity for having a most complete and accurate registration of facts such as are requisite to enable responsible Ministers to form a just judgment on the financial administration of India."

Draft Report proposed by the Chairman, read a second time, paragraph by paragraph.

Paragraph 1, *agreed to.*

Paragraphs 2—7, amended, and *agreed to.*

Amendment proposed, at the end of the proposed Report, to add the following new paragraph—" No just opinion should be expressed or can be formed on allegations which have been made before your Committee respecting important financial affairs, until the requisite explanations have been afforded, and the evidence relating to them is complete "—(*The Chairman*).—Question put, That this paragraph be there added.—The Committee divided:

Ayes, 11.	Noe, 1.
Mr. Bourke. Sir Thomas Bazley. Mr. John Benjamin Smith. Mr. Lyttelton. Lord Edmond Fitzmaurice. Mr. Eastwick. Mr Grant Duff. Sir Charles Wingfield. Mr. Cross. Mr. Dickinson. Mr. Birley.	Mr. Fawcett.

Question, That this Report, as amended, be the Report of the Committee to The House—put, and *agreed to.*

Ordered, To Report, together with the Minutes of Evidence and an Appendix.

EXPENSE OF WITNESS.

NAME of WITNESS.	Profession or Condition.	From whence Summoned	Number of Days Absent from Home, under Orders of Committee	Allowance during Absence from Home.	Expenses of Journey to London and back.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Robinson, Colonel Daniel George.	Officer - - -	Battle -	One - -	1 1 -	2 1 -	3 2 -

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MEMBERS PRESENT:

Mr. Ayrton.
Mr. Beach.
Mr. Birley.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Hermon.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. J. B. Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Major General Sir THOMAS TOWNSEND PEARS, K.C.B., and Mr. THOMAS LAWRENCE SECCOMBE, C.B.; called in, and Examined.

Major Gen. Sir *T. T. Pears*, K.C.B., and Mr. *Seccombe*, C.B
1 March 1872.

1. *Chairman* (to General *Pears*).] WILL you be good enough to state what your office is?—Secretary in the Military Department of the India Office.

2. Will you be good enough to explain what is the nature of the charge of 51,663 *l.* for pensions and retired allowances which is on page 3 of the Home Accounts up to March 1871?—They are the pensions and retired allowances of the officers of the late Indian Navy, who have from time to time retired from the service on regulation pensions on the established scale.

3. Does that include the compensations also?—No, it is the Indian Navy.

4. That which exists or that which was abolished?—The Indian Navy which was abolished about 10 years ago.

5. Is this the whole of the expenditure on that account?—Not the whole; there is an item that comes afterwards, "Commutation of Pensions of Officers of the late Indian Navy"

6. Does the commutation of pensions form an addition to the charge for the pensions?—They were allowed in some cases to commute the pensions that were offered to them, and that sum of 4,817 *l.* comes under that class of commuted pensions.

7. And do the two items represent the whole expenditure on that account?—As respects the pensions and the retired allowances.

8. There is no compensation, I mean in addition, anywhere?—None that I am aware of.

9. Is that an item that is continuous, or is it gradually decreasing every year?—It is gradually decreasing.

10. Can you state at all the rate of decrease?—I have not got that memorandum I could prepare one if you wish me to do so.

11. Going to the next item of "Furlough and Absentee Allowances," 2,200 *l.*, what are those?—They are what are given to officers of the Indian service, not the Indian navy now, but the Bombay marine, while they are absent on leave in England.

12. What constitutes the Bombay marine now?—It is a transport service as distinct from the Indian navy, which was a war service.

13. Sir *C. Wingfield*.] Does that include the Bengal marine?—This item will include Bengal.

14. *Chairman.*] These are the casual payments made according to the amount of furlough given to the officers of the marine service generally in India?—Yes.

15 There is an item of 84,954 *l.* "on account of contracts for construction of two iron-clad monitors for Bombay;" when were those monitors commenced?—They were commenced in July 1867.

16. Were they begun at the request of the Indian Government, or on the instigation of the Home Government?—At the request of the Indian Government.

17. Will you state what the estimated cost of them is?—The actual cost of the one was about 110,000 *l.*

18. Does that include everything up to the equipment?—That included everything to the delivery at Bombay.

19. And their armaments?—Not the armaments. The cost of the other was about 140,000 *l.*

Major Gen. Sir *T. T Pears*, K.C B., and Mr. *Seccombe*, C.B.

1 March 1872.

20. Also delivered at Bombay?—Including engines and delivery.

21. Where are these monitors to be stationed?—At Bombay.

22. Does this expenditure balance the account for the service?—I am not sure of that. Mr. Seccombe will be more able to give information on that point. (Mr. *Seccombe*.) A further charge of about 22,000 *l.* will close the account.

23. *Chairman* (to General *Pears*).] The next item is 63,255 *l.*, "Contributions towards the expenses of Her Majesty's ships employed in the Indian seas." What is the nature of that contribution; on what principle is it based?—About the year 1869, there having been several previous communications on the subject, the Government of India brought to notice the want of armed vessels for their purposes, for the suppression of piracy, and keeping the peace in the Persian Gulf, and elsewhere; and after a good deal of correspondence with the Admiralty, it was agreed that they would undertake this duty for the Government of India; and it was agreed that they should furnish six vessels of war, having crews aggregating about 1,000 men, and that we should pay them a capitation rate of 70 *l.* per man; that is, 70,000 *l.* a year. Three of these vessels were to be at all times in the Persian Gulf, and at the entire disposal of the local authorities. The other three were to be in other parts of the Indian waters as much and as constantly at the disposal of the Government of India as the requirements of the Imperial service would admit of. That agreement exists to the present day, and this is the charge for the present year under that agreement; but it is distinctly understood that if the ships are not there, a certain deduction is to be made for the period of their absence from this contract sum of 70,000 *l.*; and that deduction hitherto we have had occasion to make each year, or rather every quarter, because the payments are made quarterly.

24. This sum represents the 70,000 *l.*, less the deduction?—Yes.

25. Then the next item is 77,000 *l.* for "Stores for India"?—I can give very little information, I am afraid, upon that. They are the stores that are indented for in the marine department for the various marine purposes, not only the shipping, but the dockyards, and the whole of the marine establishments in India.

26. For the whole of the vessels that are kept in India by the Indian Government for their various purposes?—Yes; and for the dockyards and the whole of the marine establishments.

27. Does that include the pilot service?—Yes.

28. Everything that they put under the head of marine charges in India which you send out is represented by that sum?—Yes.

29. Are all these stores sent out on the requisition of the Indian Government?—Always.

30. Are any means taken to examine all the stores in England first, and certify them, or are they delivered in India without your taking that step?—We have our own examiner in the store department, and all this description of stores I believe is passed here; but, of course, if there is any defect found when they arrive in India, notice is taken of it; an explanation is requested here of our own store department, or of the contractors, as the case may be.

31. (To Mr. *Seccombe*.) Are the contracts for these supplies made upon competitive tenders?—Yes any considerable quantities are obtained by competitive tenders. Very small supplies are obtained by circular letter from selected tradesmen.

32. Sir *C. Wingfield* (to General *Pears*).] Does this first item of pensions and retired allowances include any pensions and allowances paid to officers of the Bengal and Bombay marines as well as of the Indian navy?—Yes, I believe so.

33. But that proportion which applies to the Indian navy will ultimately cease altogether?—Certainly.

34. With the death of the last member of the Indian navy?—Yes.

35. You could not say what proportion refers to the Bengal and Bombay marines and what to the Indian navy?—No, I am not able to state that; but I could furnish a statement easily.

36. Mr. *Birley*.] Does the Government of India supply any stores to those six vessels that are employed in the Persian Gulf and elsewhere upon Indian service?—It supplies the stores and pays all the expenses connected with the repairs of the three vessels that are in the Persian Gulf, but not, I believe, of the other three. (Mr. *Seccombe*.) The stores and labour, I believe, are to be paid for. The use of the dockyards will be given free.

37. Mr. *Birley* (to General *Pears*).] The stores are supplied from these stores sent out to India?—Yes, to those three vessels in the Persian Gulf, not to the other three.

38. Mr. *Cross*.] Is that repaid?—No, we bear all the expenses of those three vessels.

39. Mr. *Dickinson*.] What is the duty of those three vessels?—It is in fact to keep the peace in the Persian Gulf among the various small Arabian potentates there, and to support the authority of our Resident in the Persian Gulf, and to suppress piracy.

40. What size are they?—Hitherto they have not determined on the size best fitted for the service; but they have been small vessels, something of the class of the gun-boats.

41. The commutation of pensions, I suppose, means the purchase of the pensions?—Yes.

42. Have you any means of knowing the number of pensioners who receive these pensions?—I have a return that has been presented to Parliament, but I have not added the whole number up. It is Number 436, of June 1864, and it is a return of the pensions of discharged India naval officers, but it does not give a total; of course that could be easily calculated.

43. Have these six ships been regularly employed, or not?—We have had occasion to remark that now and then one was absent for some time, and the charge has been reduced, that is to say, the payment to the Admiralty has been reduced in proportion to the number of days that anyone of the vessels was absent.

44. Will you define what are the Indian seas in which these vessels are to be employed; what do you call the "Indian waters"?—We have a definition; I am not quite certain what it is. It is the Bay of Bengal and the Arabian sea properly; but what latitude it is brought down to I do not know; a fair line has been drawn by the Admiralty, so that they shall be always at the disposal of the Government of India if they are within those limits; I forget the exact latitude.

45. Mr. *J. B. Smith*.] Is the Indian navy abolished?—Yes.

46. And now India depends on this Government for such naval force as it requires?—Yes.

47. These stores for India, amounting to 77,000 *l.*, are naval stores as I understand?—They are marine stores, not for the British navy, but for the marine establishment in India. We have a great many vessels under the India Government for transport services and other civil works, a large number of vessels both in Bombay and Bengal; they constitute now the marine, and these stores are for them and for the dockyards.

48. Do I rightly understand you to say that these pensions arise from the abolition of the Indian navy, and that they will gradually drop off?—They have not arisen wholly from the abolition of the Indian navy, but in great measure they have. While the service lasted there were officers from time to time pensioned, and a good many of them remain still; but the number was largely increased by the abolition of the Indian navy, on which occasion the majority of the officers took their pension and retired.

49. But these pensions will gradually diminish?—Yes.

50. Mr. *Fawcett* (to Mr. *Seccombe*).] I think I understood you that the 77,000 *l.* of stores were part of them purchased by open tender?—They were.

51. But is there any system which invites open tender?—Yes; advertisements are issued inviting tenders.

52. Sir *Stafford Northcote.*] In regard to these requisitions, is there any system of checking the requisitions, or are the requisitions complied with just as they come?—They are carefully checked when received from India.

53. And if they are thought too great, are they reduced?—They are then reduced. It does not very often occur, but there are occasional reductions.

54. (To General *Pears.*) With regard to the ships which are employed in the Persian Gulf, I think you said that they were under the control of the local authorities; will you state what local authorities?—The Resident at Bushire.

55. Are they in any way subject to the Government of Bombay?—Yes, and to the Government of India; but they delegate their authority to the local authority, the Resident at Bushire.

56. Then, in the event of any service being required, who is the person responsible for the discharge of that service; who is it that orders the ship to go to a particular place?—Usually the Resident at Bushire, who has a sort of general political control over the whole of the litoral of the Persian Gulf.

57. And are the captains of vessels distinctly placed under the orders of the Resident at Bushire?—Yes; at his disposal.

58. In the event of there being any disturbance at any point of the Gulf, has the captain of one of these vessels, or the commodore, or any naval authority, any discretion as to the use to be made of the vessels?—No.

59. He must act under the orders of the Resident?—Entirely.

60. Sir *C. Wingfield.*] Is the present arrangement of paying Her Majesty's Government for performing the Indian naval service of the Persian Gulf more economical than the former system of keeping up an Indian navy?—I am inclined to think it is; but I speak with diffidence on that subject.

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61. Mr. *Dickinson.*] Is the 70,000 *l.* supposed to cover the whole expense of those ships which are in India?—Excepting the repair of those three vessels. Those three vessels in the Persian Gulf are repaired at the expense of the Government.

62 No part of the expense of that police, if it may be so termed, falls on the Imperial Government?—That I cannot tell; it is a question for them to answer whether the 70,000 *l.* pays them.

63. It is understood that the English Government pays nothing for that?—I think so. They made the agreement on the understanding that that would be sufficient to meet the expenses.

64. Sir *C. Wingfield.*] Would it not be well to have a return of what the Indian Navy did cost?—There would be no difficulty in giving that, I should think; but it had so many miscellaneous duties, besides the duties which these six ships are now performing, that it might be difficult to institute any useful comparison between the whole expense of the Indian Navy and these six ships. They were largely employed in surveying formerly.

65. There is a cessation of all surveying now, is there not?—I think not. I think some of the marine vessels do it.

66. *Chairman.*] Under the head of "Miscellaneous," at page 5, there is an item of 41,000 *l.*, for the purchase, adaptation, and furniture of the Royal India Lunatic Asylum at Ealing; when was that established?—It was established about two years ago; in the early part of 1870.

67 Under what circumstances was it established?—It was established under these circumstances. the East India Company had been in the habit of providing for their necessitous officers who came home insane, and also for insane soldiers, by paying a certain sum at a private asylum at Hackney, which was, in fact, almost entirely maintained, I think, by these payments from the East India Company. In the early part of 1870 we were taken by surprise by a communication from the head of that establishment, saying that he had made an arrangement with the Great Eastern Railway Company by which he was to vacate his premises absolutely in about a month, and that we must provide elsewhere for all these lunatics. We found ourselves in a difficulty, and we communicated with the Commissioners of Lunacy, and we called upon Dr. Williams, as the head of that establishment, to arrange with the railway company that we might have longer notice. We got, I think, two months longer, but we found that we were so completely driven into a corner that we were obliged to look out for some building of our own to provide accommodation for these poor men; and under these circumstances the property at Ealing was purchased and altered, and improved for the accommodation of these men, and there they have been ever since.

68. Will you state the number of men in the establishment at Ealing?—There are altogether 123, namely, 19 first-class male patients, that is, officers; one first-class female; 89 second-class males, chiefly soldiers, and 14 second-class females.

69. (To Mr. *Seccombe.*) What was the sum that you paid annually at Hackney?—£. 120 for each first-class patient, and 51 *l.* for each second-class patient; the total annual charge varied between 7,000 *l.* and 9,000 *l.*

70. The next item is 4,411 *l.*, "Salaries and Al-

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lowances of the Staff, Board and Clothing of the Lunatics, and other Expenses;" is that charged for the whole year, or only for part of the year?—That is only for a part of the year.

71. What do you estimate will be the charge for the whole year?—We have estimated that each first-class patient will cost us 115 *l.*, and each second-class patient 60 *l.*

72. Including the whole cost of provisions?—Including that, and a per-centage on the purchase-money of the building and the cost of fittings.

73. Mr. *J. B. Smith.*] In fact, you are doing it at less now than you did before?—No; the second-class rates are higher, but the first-class are lower; it will be rather more expensive than it was.

74. Mr. *Cross* (to General *Pears*).] Is the number of lunatics that you have at the present moment about the average number that you have had over the last 10 years?—I think so. (Mr. *Seccombe.*) It is rather above the average, but it will now be a declining number.

75. Then if it is a declining number, your expenses will be greater per head?—Undoubtedly, if we maintain the same establishment.

76. (To General *Pears.*) Did you make any inquiries as to whether any other lunatic asylum would take these patients?—Yes; the Lunacy Commissioners were applied to, and they stated that there was no asylum in which the Indian lunatics could be placed; we were very desirous to make an economical arrangement; they said there was no suitable building, nor could they point to any individual who would undertake them, so as to meet their approval.

77. Mr. *M'Clure.*] Have you any amount of ground connected with this asylum?—Yes; 38 acres.

78. Mr. *Birley.*] Did you apply to Her Majesty's Government for accommodation in an asylum?—No; the Admiralty had an asylum, but we understood from the Commissioners of Lunacy that there was no room for the Indian lunatics; the War Office have one where they keep their men for a little time, and then send them to the asylum at Bow.

79. What is the item of 115 *l.* derived from?—From the actual expenses of last year.

80. Mr. *Dickinson.*] Do you say that you made no application to any asylum at all?—When first it was reported to us that we must remove our men from that building at Hackney the proprietor of it recommended a certain asylum at Camberwell, and the Commissioners of Lunacy, whom we immediately consulted, said that there was no room for them, and that it was an improper place for them, and disapproved of it altogether; and we had a good deal of correspondence with them, and it ended in our doing what we have done.

81. That was a private asylum, I suppose?—Yes.

82. You did not apply to any other private asylum?—No; we left it in the hands of the Commissioners of Lunacy.

83. These are all Europeans, I suppose?—Yes; there may be one or two East Indians, but as a rule they are Europeans.

84. There is no European service in India now, excepting the civil service, but these were all soldiers, apparently?—Yes.

85. As these die off you will have no lunatics at all?—I think so; they will die off, and then we shall dispose of the property.

86. Sir *Stafford Northcote.*] Is the asylum confined to military lunatics?—No; there are a few civil cases, but very few.

87. In fact, it is only for the poor cases that you provide?—Only for the poor cases; very often, in the case of officers, their relatives have said that they were too poor to provide for them, and then we took credit for any pension that the officer was entitled to.

88. Mr. *Cross.*] Do you propose to take in other patients if you have not Indian patients enough to fill the building?—We have offered accommodation, such as we have to spare, to the War Office; at present they have not availed themselves of it.

89. Sir *C. Wingfield.*] Soldiers of Her Majesty's army who become lunatics are otherwise provided for?—They do not provide for them in the same liberal manner the old East India Company did; they throw them on their relations or their parishes.

90. But hitherto your establishment has not been open to them?—No; but now we have offered accommodation to the War Office; they do not give this gratuitous accommodation to their soldiers.

91. Mr. *Dickinson.*] Under the ordinary law, a soldier brought home by you would go to the county asylum to which he belongs, would he not?—Yes.

92. And you by this plan save the county or the parish the charge of him?—Yes; but I understand that the county would rather not have these men, even if we pay the regular rate for them as pauper patients; they are very uneasy at having these men brought on them.

93. Mr. *Cross.*] Was this step taken on the responsibility of the Secretary of State?—Yes; it was done by the Secretary of State after the correspondence with the Commissioners of Lunacy.

94. Mr. *M'Clure.*] What is the success in restoring them to health; have any been cured?—Very rarely. At this moment we have one instance of an officer whose case is so far hopeful that they have let him go to his friends on leave of absence; but I do not think there is any other case of a man recovering.

95. And as to this other asylum, were there no recoveries there?—I cannot say; I do not remember anyone recovering while I have been in office.

96. Mr. *J. B. Smith* (to Mr. *Seccombe*).] Do these lunatics receive any pay or pension during the time they are confined in the asylum?—Yes; and to a certain amount it is brought to the credit of Government in reduction of this charge. If it be larger than the proper amount involved in their maintenance, it is then held to their credit.

97. Mr. *Fawcett.*] You said that the 4,000 *l.* odd represented the expenses of part of the year; can you give me the expenses for the whole year?—I have not the expenses for the whole year. On those data I can prepare a statement.

98. But for how long is that 4,000 *l.*; for what part of the year?—I am not able to state the precise period.

99. Can you furnish us with that information soon?—Yes.

100. (To General *Pears.*) You say that the Commissioners in Lunacy said that there was no private asylum in England where these unfortunate patients could be taken in; will you produce

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duce the letter in which they state that?—Yes, we can produce the correspondence. I have an abstract of the correspondence here. I am not sure whether they put it in those terms, but it could be given *in extenso*. Here is a letter of the 14th of March 1870 from the Commissioners in Lunacy, recommending that provision of a permanent kind be made for the insane. In this abstract it does not go into the reason.

101. But in that abstract is there any distinct statement that there is no asylum that can accommodate these men?—No.

102. But you are quite certain that that is stated in the full correspondence?—I feel confident that it was so, that they could not find for us any accommodation anywhere else. I cannot speak positively. Our object was to get accommodation if we could, and we corresponded with them with that view, and I can bring the letters another day.

103. Mr. *Dalrymple*.] Whose duty was it to make the recommendation to the Secretary of State to purchase these buildings?—The arrangement was made in the usual way I presume, by the recommendation of a committee; the work in the India Office generally passes through committees; the circumstances and correspondence are laid before these committees and they make their recommendation to the Secretary of State in Council. Of course as the ministerial officer it would be my business to lay the correspondence before them, and to state what I thought was the right thing to do, and I have no doubt that in that capacity I recommended this.

104. Mr. *Lyttelton*.] Is the general accommodation of the second-class of these lunatics much superior to that of pauper lunatics in England?—I cannot answer that question, never having seen the accommodation of the pauper lunatics. It is very good at Ealing, and they are well cared for.

105. The 60 *l.* a-head includes charges on maintenance?—Yes, interest on the capital sunk, and all direct and indirect charges. (Mr. *Seccombe*.) The statement that I have prepared shows the proportion of rent applicable to a second-class patient at 15 *l.*; the maintenance, attendance, and clothing, 45 *l.*

106. Mr. *Cross* (to General *Pears*).] Is this a registered private asylum?—No, it is a Government asylum.

107. By what legal authority do you keep these people there?—I am not at all aware that there is any legal authority for it.

108. Are you under the Commissioners of Lunacy?—We have invited them to inspect, and they do inspect, and I suppose we are much under the same terms as the Admiralty at Yarmouth.

109. Sir *C. Wingfield*.] If the Horse Guards avail themselves of your offer of accommodation, they will pay you, I suppose?—Yes.

110. Sir *D. Wedderburn* (to Mr. *Seccombe*).] You said that the patients' allowances, or the surplus, if any, were put to the patients' credit?—It is a matter on which the Secretary of State exercises his discretion whether the surplus should be paid to any relative.

111. Mr. *Dickinson* (to General *Pears*).] I presume these are all chronic cases?—I believe so.

112. Have you had any cure?—I have not heard of any.

113. *Chairman*.] Is the 5,217 *l.*, which is the next item for "Maintenance of Lunatics prior to their Removal," the balance on the closing of the account?—Yes.

114. Mr. *Dickinson*.] Is that for one year?—No, I think it includes some arrears of previous years.

115. *Chairman*.] The next item on which we shall examine you will be at page 7, "Pensions and Retired Allowances," which is an item of 215,264 *l.*; will you be good enough to explain what pensions and retired allowances those are?—Those are all civil. Mr. Seccombe will explain them.

116. For persons who have been employed in the service in India?—The Civil Service. (Mr. *Seccombe*.) There are several classes of pensions: pensions granted to members of the Home Service and the Board of Control, 24,410 *l.*; pensions granted on the abolition of the Commercial Charter of the East India Company in 1834, 22,606 *l.*; on the amalgamation of the East India House and Board of Control in 1858, 21,762 *l.*; on the revision of the Home Service in 1860, 3,866 *l.*; on a further revision in 1867, 8,106 *l.*; to professors and servants on the abolition of Haileybury College, in January 1858, 3,638 *l.*; on the abolition of the military seminary at Addiscombe, 2,285 *l.*; on the abolition of the recruiting staff, 1,588 *l.*; from funds for the widows and families of members of the Home Service, 29,141 *l*; St. Helena pensions, 362 *l.*, pensions to the uncovenanted service of India, 27,770 *l*; compassionate and miscellaneous pensions, 69,725 *l.*, comprising pensions for distinguished services, 9,300 *l.*; for judicial services (under various Acts of Parliament), 19,800 *l.*; for ecclesiastical services (under Acts of Parliament), 1,600 *l*; to families of officers of the Indian Navy (in addition to pensions from the Indian Navy fund); 1,144 *l.* to families of members of the Bengal pilot service, 3,109 *l.*; to the families of officers killed in the Indian Mutiny, 9,850 *l.*, to members of the Prince of Wales' Island Establishment, one pension of 250 *l.*, and subsistence allowances to officers dismissed the service, or of unsound mind, to store labourers incapacitated by accident or ill health, and some others, 24,670 *l.* Of the pensions for distinguished services, I have the details if they are needed.

117. Was there not a return of all the pensions laid before Parliament some time ago?—The pensions granted during each year are stated in the Home Accounts for that year.

118. But there was a summary in a paper laid before Parliament, was there not, of the pensions?—I do not recollect it at this moment; I have only with me a list of those for distinguished services.

119. Sir *C. Wingfield*.] What are the marine pensions?—Pensions granted on retirement to officers of the Indian Navy and Bengal Pilot Service.

120. Mr. *J. B. Smith*.] With regard to these pensions amounting to 215,000 *l.*, a great many of them will fall in on the death of the parties, and are not likely to be replaced by other pensions, as I understand?—This expenditure will decrease.

121. And not be replaced by similar pensions?—No, for the most part they will not.

122. Being connected with the East India Company, and the changes that have been made in the abolition of Haileybury, and different things of that kind, will not occur again?—No, they will not.

123. Mr. *Fawcett*.] Out of the whole item of 215,000 *l.*,

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215,000 *l.*, what per-centage will not occur again?—It is difficult to answer off-hand; but my opinion is, that four-fifths of this amount will not occur again.

124. But can you justify that statement? because the last item that you have given us will occur again, and that the largest item, namely, the one for distinguished services and compassionate allowances?—The item for distinguished services is only 9,300 *l.*

125. Referring to the items again, will you just mention those which will not occur again?—The Home Service pensions are the first item; that will continue, though it will be somewhat reduced.

126. Why will it be reduced?—Because it was granted to officers retained from the India House and the Board of Control, and the scale of salaries was higher than the present scale.

127. But on the whole the amount spent at the India Office at the present moment is a great deal more than was spent at Leadenhall-street and the Board of Control, is it not?—It is more than was spent in Leadenhall-street alone, and it slightly exceeds what was spent in Leadenhall-street and at the Board. The increase is caused by a great augmentation of work. The payment to the Bank of England in 1870–71 was 15,266 *l.*, and was caused by the gradual increase of debt. The Public Works and Railway Departments are new, and the Stores Department has been greatly increased.

128. I am not inquiring now whether the money is properly spent, but I am putting the fact that the expenditure has increased, is increasing, and likely to increase; therefore, why should you think that the present expenditure will diminish?—The expenditure on all accounts has increased; but that portion to which pensions are attached has not increased.

129. But a person being employed at the India Office at the present time, if employed a certain number of years, claims a pension?—If on the permanent establishment he does.

130. And if the increase of public work is constantly going on, you will require more clerks to be employed; and ultimately, therefore, a greater amount for pensions?—No doubt there will be an increasing number of persons employed, but the scale of salaries is lower than it was, and the rates of pension are considerably lower.

131. But still, looking at the broad fact, although the scale of payments may be smaller, yet the aggregate amount spent is very considerably greater, and is likely to increase?—It is greater in those items to which pensions are not attached.

132. I cannot quite understand you. If any one is employed at the India Office for a certain number of years, he claims a pension?—If a permanent servant he does.

133. And you say that the number of people employed at the India Office, in consequence of the public work increasing, is a constantly increasing number; therefore the number of people receiving pensions will increase, will it not?—Yes.

134. Therefore, it is, to say the least, rather an uncertain statement to make, to say that this item for pensions must diminish, is it not?—I say that it will somewhat diminish, to what extent I am not prepared to answer; but considering that the salaries are lower, and that the rates of pensions are considerably lower, I say that notwithstanding the increase in the number of persons employed, the pensions will somewhat decrease from the present time.

135. But then, on the other hand, looking forward to the probability of an increase or diminution of expenditure on this head, you are aware, probably, that prices are rapidly rising in this country; and if they do rise you must pay your civil servants more, and give them higher pensions, must you not?—I am quite aware that prices have greatly risen; but I have heard no proposition yet for increasing the salaries in consequence; on the contrary, they have been reduced.

136. Will you mention the next item which you gave in your lists of pensions?—The next item consists of 22,606 *l.*, pensions granted on the abolition of the commercial charter of the East India Company.

137. That will expire?—Yes.

138. What is the next?—£.21,762, pensions on the amalgamation of the East India House and Board of Control; that will expire. 3,866 *l.* for pensions on the revision of the Home Service in 1860, and 8,106 *l.* on a further revision in 1867, will expire.

139. But revisions are constantly likely to take place; those are items that may recur, I presume, though that particular item may not?—I cannot foresee what arrangements may be made by future Secretaries of State, but there has been a strong disposition to reduce the office, and I think that it has now reached its minimum. The pensions to professors and servants at Haileybury, 3,638 *l.*; at the military seminary at Addiscombe, 2,285 *l.*; and on abolition of the recruiting staff at Edinburgh and elsewhere, 1,588 *l.*, will not recur. Pensions granted from funds for the widows and families of members of the Home Service, 29,141 *l.*, will continue for a time, but will gradually expire. The St. Helena pensions, 362 *l.*, will not recur. The pensions to the uncovenanted service of India, 27,770 *l.*, are pensions granted in India but made payable in this country; these will increase. The compassionate and miscellaneous pensions, 69,725 *l.*, include pensions for distinguished services, for judicial services, and to families of officers of the Indian navy; to families of officers killed in the Indian Mutiny, and subsistence allowances to officers dismissed the service, &c. The total under those heads is 69,725 *l.*

140. That may recur at any time?—Yes, except the pensions to families of officers of the Indian navy, of officers killed in the Mutiny, and some others.

141. Then the net result of the statement which you have just made is that, instead of four-fifths of these pensions, which would represent something like 170,000 *l.*, we find there is about 60,000 *l.* that probably will not recur?—At the moment I was not prepared to answer the question, but I think that the figure I gave is not very far wrong; probably it would be three-fifths.

142. I have asked you to go through the items, and I bring out, by your own figures, that the items not likely to recur amount in the aggregate to 70,000 *l.*; I take no account of those likely to increase; I assume your own figures, and they amount to 70,000 *l.*, therefore, instead of four-fifths, as you first stated, or three-fifths, as you now state, it represents about one-third?—

I can

I can make a statement out, if you desire it, which would show it accurately.

143. I simply want to bring it out in evidence; from your own statement you make out that there are items amounting to 70,000 *l.*, not likely to recur, and therefore it is not correct to say that 4-5ths or 3-5ths is not likely to recur, but simply one-third?—I think you will see that it is more than you state; adding the various amounts together it comes to more than 100,000 *l.* The 29,000 *l.* for widows and families of members of the home service will gradually expire, because there are no new entries of subscribers to the fund; I think it is considerably more than a half that will expire.

144. Does this sum represent the whole amount paid away in pensions, not of course the amount paid in India?—It does not represent the amount paid in India; it does not represent the military pensions, but merely the civil and miscellaneous pensions.

145. Mr. *Dickinson.*] I suppose the rules on which the pensions and allowances are granted are printed?—The rules are laid down by law as regards the Home Establishment; there is a certain discretion left to the Secretary of State in Council.

146. Have many of these pensions then been granted arbitrarily by the Secretary of State in Council?—Compassionate allowances are not subject to fixed rules, but in regard to the uncovenanted service in India, and to the officers and clerks of the India Office, there are distinct rules, with a certain discretion.

147. Could you furnish us with a copy of those rules?—I can furnish an extract from the Act of 53 George the Third, c. 155, which governs the pensions to officers retained from the India House and the Board of Control. The Superannuation Act applies to officers and clerks appointed since 1858.

148. That applies to the Home service?—Yes.

149. The compassionate allowance is on the mere authority of the Secretary of State in Council?—Yes.

150. Is there any Act of Parliament authorising him to grant those compassionate allowances?—The Act of Parliament authorises the Secretary of State in Council to grant certain allowances; it does not prescribe rules, but it entrusts to him the expenditure of the revenues of India, and under that he has power to grant compassionate allowances.

151. That is to say, he assumes the power of granting a compassionate allowance simply under the general power of spending the Indian revenue?—The Secretary of State in Council is entrusted with those powers previously possessed by the Court of Directors, the Court of Proprietors, and the India Board. Parliament has jealously guarded against any undue expenditure.

152. Does this item contain pensions for the uncovenanted service in India?—The sum of 27,770 *l.* is for uncovenanted servants, pensions which have been granted by the Government of India, and allowed to be paid here.

153. Those pensions are granted in India, but paid in England?—Yes.

154. And those are granted under rules prevailing in India?—Yes, under rules prevailing in India and sanctioned by the Secretary of State in Council.

155. Can you give us a copy of the rules under which all pensions are granted in England or in India?—Yes.

156. Mr. *Fawcett.*] Why are those pensions to uncovenanted servants paid in England?—It was felt by the Government to be desirable that persons resident in this country should be saved all the difficulties of exchange and the dangers of remittance, and that it would be right to grant them those pensions here.

157. But then, am I to understand that the covenanted servant is paid in India or in England?—In either; he has the option of being paid in India or in England.

158. But then, does not that introduce great confusion in the accounts. In that amount of 215,000 *l.*, for instance, what amount is paid in pensions to the covenanted service?—Not any. Civil Service annuities are not included here.

159. Where is that included; not in the home charges?—Hitherto the annuities have been paid from the funds which are about to be transferred to Government; the payments have been treated as remittance transactions, and what we have paid we have recovered from the trustees of the funds in India.

160. Mr. *Birley.*] Will you tell me by what agency these pensions are paid?—The Government of India requests the Secretary of State to pay a pension of a certain amount, and the person entitled receives his pension at the India Office.

161. *Chairman.*] To go on with the items at page 7, we have, "Compensation pensions to officers and petty officers of the Maritime Service of the East India Company, 11,400 *l.*," is that in addition to the last item which you have read?—Yes, the maritime service was a special service, and therefore is shown distinctly.

162. Is that the old Bombay Marine?—No, it was the trading service, the captains and officers of the East India Company's mercantile fleet.

163. That will gradually die out?—Those pensions will expire.

164. (To General *Pears.*) Do you know at what rate they are dying out?—In 1838 there were 303 pensioners at an annual expenditure of 32,240 *l.*; and in 1871 there were 127 pensioners at an annual expenditure of 12,086 *l.*; so that the difference of decrease in those years has been 176 persons and 20,154 *l.*

165. (To Mr. *Seccombe.*) The next item is the "Poplar Fund Pensions," 1,900 *l.*; with what service are they associated?—That was connected with the Maritime Service, pensions to persons who were not entitled to pensions from the East India Company, a fund had long existed which gave small pensions to officers and widows, but the pensioners are dying out.

166. "Annuities of the Madras Civil Fund of 1800, 1814, and 1818," 2,200 *l.*; what is that?—Those were three funds instituted for the Covenanted Civil Service, and which the Government became responsible for at the time of the institution of the Civil Service annuity funds. They are expiring.

167. That is a transaction that took place many years ago?—Yes.

168. The next item is "Annual Donation to the Bengal Civil Fund," 2,500 *l.*?—The Bengal Civil Fund is a fund for the widows and families of covenanted Civil servants, to which the East India Company many years ago consented to grant that annual donation.

169. Is the Bengal Civil Fund still kept up?—Yes.

170. Then there are "Gratuities," 1,480 *l.*; what

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what are those gratuities?—The largest was 480 *l*., equal to six months' pay, granted to a Presbyterian minister, who had been attached to the 93rd Highlanders; and there are also several small gratuities.

171. Are they in connection with the public service?—Yes.

172. There are next "Gratuities granted in lieu of pensions to members of the uncovenanted service of India," 5,360 *l*.?—That is to persons who, not having served long enough to entitle them to pensions, were, when disqualified from ill health, granted these gratuities, and the Government of India requested the Secretary of State to pay them.

173. They are all settled in India?—They are all settled in India. If at all outside the rules which are laid down, they are referred to the Secretary of State in Council, who sanctions or disapproves them.

174. And on approval by him and his council they are paid here?—Yes.

175. Are all these cases submitted to the council for their approval?—All; nothing involving expenditure is sanctioned without being passed by the Secretary of State in Council.

176. Then we come to the large item, "Annuities, pensions, and allowances payable in respect of the Indian military, and medical funds, and the Indian Navy Fund (Madras Medical Fund, from 1st September 1870"), 554,541 *l*.; can you give us any explanation of those items?—Last Session Mr. Harrison gave information with reference to these funds; they are the pensions payable to the families of officers who subscribed to the Bengal Military Fund, the Bengal Military Orphan Society, and the Madras and Bombay military funds and the Indian Navy fund. It also comprises annuities to the medical officers who subscribed to the medical funds; they were made over to the Government under an Act of Parliament passed in the year 1866, and are now a direct charge, the Government receiving the subscriptions of the officers, and taking the liability.

177. These are all payable according to regulations?—According to fixed rules.

178. Sir *C. Wingfield*.] The funds have all now been broken up, so far as a separate account goes?—There are no fresh entries of subscribers.

179. The receipts are carried to the credit of the Government from the subscriptions of the members of the services, and the Government, on the other hand, is debited with the pensions? —Yes.

180. But there is no separate account of the funds now kept up?—There is no separate account.

181. And what is done with the accumulated assets?—They are being absorbed from the balances year by year, so far as sums are required to meet the pensions.

182. Mr. *Dickinson*.] At what rate of exchange are these payments made?—For the most part they are paid at a favourable rate of exchange.

183. I mean these payments in England of pensions granted in India?—In the rules they are fixed in sterling money.

184. Sir *D. Wedderburn*.] With regard to these annuities "granted in lieu" of pensions to members of the uncovenanted service of India, does that include the case of widows and orphans? No, only the servants themselves.

185. They do not give gratuities to the widows and orphans?—No; excepting as a compassionate allowance.

186. And the item of 88 *l*. 13 *s*. 6 *d*. for "Relief to distressed natives of India;" is that all that was paid in this country for the relief of distressed natives of India?—Yes; in that year it happened to be very small.

187. Sir *J. Elphinstone* (to General *Pears*).] The "contribution towards the expenses of Her Majesty's ships employed in the Indian seas," I see, is 63,255 *l*.; does that include the service in the Persian Gulf?—Yes.

188. Has any correspondence passed between the Government of Bombay and the Imperial Government with regard to their performance in that service?—Not, I think, with the Governor of Bombay. There has been some correspondence between the Government of India and the Home Government on the subject.

189. Were there not complaints that the ships that were employed in that service were not suitable for the climate and the service that they had to perform?—I think there were.

190. Can those Papers be put in to the Committee?—Yes; but I may as well add that the complaints arose when this new arrangement was just commencing operations; they had not supplied ships that were considered to be of the proper sort; they took whatever they had on the spot, and they were said not to be the proper sort of vessels.

191. Such vessels as the "Bullfinch" and the "Magpie?"—Yes.

192. There was considerable loss of life, was there not, from heat apoplexy?—Yes.

193. Has that been rectified; have ships of a proper description been sent up there now?—I cannot say what is the exact character of the vessels there now, but the Admiralty appear anxious to rectify it.

194. Are you of opinion that the officers of the navy are sufficiently acquainted with the habits and politics of the Persian Gulf to perform that service with as much efficiency as was shown by the officers of the Indian navy?—Well, I should think they must know very little of the habits or language or politics of the people, but they are precluded by their instructions from acting on their own responsibility at all; they act entirely under the political authorities.

195. But under the circumstances of the Persian Gulf, it has frequently occurred that disturbances took place so suddenly that it was impracticable to communicate with the political agent at Bussorah, and officers in the Indian navy, from their knowledge of the language and politics, were called upon to act on their own responsibility; was not that so?—Yes, I believe so.

196. But, under the present management that cannot be the case, from the ignorance of the officers of the language and politics of the country?—Perhaps not; but I think circumstances have been changed by the general introduction of steam and telegraphic communication, and they are not likely to be required to act on their own authority. I have not known an instance of their being obliged to act on their own authority since this new system has been introduced.

197. But in the time of the Indian Navy the ships always were peculiarly adapted for that service, were they not?—I presume they were, but I never saw them.

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198. Such ships as the "Assaye," the "Punjaub," and large frigates which were used there, were calculated to carry on the service with reference to the health of the crews?—Yes.

199. That is not so now?—That has not yet been the case.

200. There can be no objection, I suppose, to producing the correspondence that has taken place with regard to the Persian Gulf between the India Office and the Government of India?—None at all.

201. (To Mr. *Seccombe*) About this "Poplar Fund," it was a very old established fund, was it not?—It was.

202. It began in 1599?—Yes.

203. The officers of the East India Company's Maritime Service paid a large per-centage of their private trade into the Poplar Fund, did they not?—Yes, they paid a per-centage.

204. I think it was 10 per cent.; it was capitalised, I suppose, and forms part of this total sum of 275,033 *l.*, which I have before me?—I think General Pears had better answer that question.

205. In addition to this fund there was a considerable property in Poplar, was there not?—Yes, a chapel and some houses.

206. What they called almshouses, where decayed officers lived, which was a comfortable asylum for them in their old age?—Yes.

207. Does that property still exist?—Not in the hands of the Secretary of State.

208. Has it been disposed of?—It has been disposed of.

209. Are there no persons who have a claim upon that fund?—Yes, there are some officers and widows who are still receiving pensions.

210. Could you put in a nominal list of the pensioners?—Yes.

211. As soon as these people die off, this fund to which we subscribe pretty largely will be confiscated, I suppose; it will be absorbed?—Whatever fund there is will become the property of the Government, they having met the charges.

212. They having met such charges as they thought fit and proper to meet?—Yes.

213. *Chairman.*] There is no fund standing now to the credit of the Poplar fund, is there?—I am not aware what the amount is.

214. The Government have assumed the fund and have paid the annuities?—They have paid the annuities.

215. Mr. *Fawcett.*] Referring to this large item of 550,000 *l.* for pensions what are the annual receipts to meet that?—I cannot state the amount of subscriptions received in India. The amount received in this country is 81,000 *l.* only; the principal receipts are in India.

216. But still the annual receipts are not by any means as large as the annual charge?—They are not.

217. Should I be within the mark if I said that the annual receipts do not amount to more than half?—Speaking only from recollection, my impression is that they amount to more, but I cannot speak definitely.

218. But, assuming that, we may say that 2-5ths, 200,000 *l.* proximately represents the annual charge upon the revenues of India?—It may be so.

219. Until lately there were certain accumulated funds, the interests of which went to meet that charge?—Yes.

220. Those funds have been absorbed?—They are being absorbed.

221. And absorbed as ordinary income?—Yes.

222. Therefore it comes to this, that you are spending your capital and throwing an increasing charge upon the revenues of India?—Yes.

223. Spending capital as ordinary income?—Spending, under the head of pensions, those funds which were accumulated to meet them.

224 It is not only in paying the pensions, but spending it in ordinary income?—Only so much as is required for the year to pay the pensions.

225. But when those sums have been absorbed (and they are gradually being absorbed) the charge on the revenues of India will rapidly increase, will it not?—The charge will undoubtedly increase, because there will be no longer the capital to meet it.

226. Do you think that in any private concern it could be considered a sound or even a legitimate financial transaction to use up as ordinary income funds which properly constituted a part of the capital of the concern?—It is very difficult, I think, to compare the great transactions of a government with the mode of keeping accounts adopted by individuals. The course adopted is in accordance with the principle, which, after much consideration, has been laid down for keeping the accounts of the Government of India.

227. Without asking you to pronounce an opinion upon the policy, I may represent the transaction in this way: you have been accumulating a debt, and at the same time you have been spending a capital which represents your property?—Do you mean by "debt," the liability on account of the fund?

228. What I want to get distinctly brought out is this: looking at the general financial position of India, the indebtedness of that country has been rapidly increasing; and from the fact that England has been gradually absorbing these funds, the capital in your possession has been diminishing?—The capital accumulated to meet the pensions is being applied in payment of them. In every year's transactions we have exceptional items, and this is one of the exceptional items of receipt. On the other hand we have exceptional items of expenditure of much larger amount, but we do not regard that fact as showing that our ordinary expenditure is not so large as it is represented to be.

229. But still, simply as a fact, I am right in saying that you have been absorbing these funds?—That is quite correct.

230. *Chairman.*] The next item in this account is "Civil Furlough and Absentee Allowances, Covenanted Civil Service," 136,855 *l.*; how does that item arise?—The Government of India permits its officers to come to this country on furlough, under rules which are laid down. While in this country they are entitled to allowances which amount to the two sums mentioned under that heading.

231. They are all fixed by the rules of the services?—Yes.

232. And is the item of 38,212 *l.* for uncovenanted service of the same character?—Yes.

233. Mr. *Fawcett.*] Then we are to understand that these two items, amounting to 175,000*l.*, represent the pay of Indian civil servants who are on leave?—Yes.

234. Mr. *J. B. Smith.*] The Government do not pay the expenses of persons on furlough?—Only in this way.

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235. *Chairman* (to General *Pears*).] The next item is under the head of "Army," "Proportion chargeable to Indian revenues of disbursements by the War Office in respect of Her Majesty's forces serving in India, including pay of colonels of cavalry and infantry," 475,320 *l.* Will you be good enough to explain on what principle that disbursement is made?—These are the home charges connected with the British forces that are employed in India, the effective charges, that is to say. It was arranged about the year 1862, that those charges should be met by a capitation rate levied upon the force in India, at a rate of 10 *l.* a man; and that charge was arrived at on a report by a Committee, of which Sir Alexander Tulloch was the president, in which they came to the conclusion that that would be a sufficient sum, and a fair sum to meet the home charges connected with the British forces in India. Those home charges will be seen on the opposite page, page 8, and they consist of a sum paid for every soldier that goes out with a regiment to India, but chiefly the price paid for recruits. It will be seen that out of that item of 475,000 *l.*, the sum paid for recruits alone amounts to 351,632 *l.* That system of a capitation rate was discontinued, I think, two years ago, and it was necessary to arrive at some other principle by which the home charges should be arrived at, and it was determined that as far as possible the actual expenses incurred should be debited to the Indian Government. The most difficult charge to arrive at, with anything like satisfaction to both parties, is that for the recruits, and a committee was formed consisting of two members of the India Office, and two members of the War Office, to consider what that charge should be. In the re-organisation, if I may so call it, of the British Army two years ago, the War Office determined that there should be in connection with every battalion in India two companies at home, which should be attached, and considered as depôt companies to the corresponding battalion in India (each battalion now on foreign service has a corresponding battalion in this country; at least, it is the wish of the War Office to arrange that as far as they can), and it was assumed that, to a certain extent, those two companies would become chargeable on the Indian revenues. And in estimating the actual cost of each recruit, the committee took, as I understand, first, the special charges on the man, his clothing, and his pay for a certain time while he was under training, and charges of that nature; and then they took a certain proportion of the cost of these two companies, being what may be called the general charges, thrown upon each recruit, and that brought up the recruits for the cavalry, each man, to 136 *l.* 13 *s.* 11 *d.*, and for the infantry 63 *l.* 8 *s.* 5 *d.*; that is the sum the War Office now charge for every recruit that goes to India.

236. That is, up to the point of his embarkation?—Yes

237. Does that include his clothing?—Yes.

238. Mr. *Birley.*] For how long a time is that calculated?—We take a recruit for the infantry to require an average of seven months' training; so that, according to the season of embarkation, some will be found to have been less, some more. For the cavalry it is 10 months.

239. I observe that there is also a charge in addition to that, of 68,489 *l.*, for 2,500 infantry, at 27 *l.* 7 *s.* 11 *d.* per man?—Those are the men with the regiments. The system is, and has been for some time, in respect to every man that goes out with the regiment a finished soldier, for the War Office to charge the India Office so much, and for the India Office to charge the War Office for every man that comes back; and this is the balance struck between the two charges, on account of men embarked for India in excess of men returned from India, say 2,500 men, at the fixed charge per man of 27 *l.* 7 *s.* 11 *d.*

240. Sir *C. Wingfield.*] Does the Indian Government get credit for the men returned?—Yes.

241. *Chairman.*] The men sent out were 2,500 in excess of those who came home?—Yes.

242. There is another item, "Invalids and time-expired men awaiting discharge," 30,000 *l.*?—Yes; when men come home from India invalided, pending their examination before the medical board and their final discharge, the East India Government are charged with their pay, as they are supposed to belong to the Indian Establishment during that time.

243. "Pay of colonels of cavalry and infantry of the British forces," 55,000 *l.*; what is the meaning of that?—Every regiment in India has its colonel, usually a general officer, not an effective officer, with the regiment. But at home we pay that, as he belongs to, and is a member of, a regiment which is serving in India.

244. Is he employed as an officer on the general staff of the British army?—In most cases he is more in the position of a retired officer, and not what we call a staff officer. He is a general officer, and he is colonel of the regiment; he stands at the head of the regiment, but not to command the regiment; he is sometimes called the honorary colonel, in popular language.

245. He belongs to the army in general, but not to the regiment?—He belongs to the regiment as colonel, but he holds the rank of general officer.

246. This is a charge on the Indian army in respect of the general officers of the British army?—In respect of a regiment organised on a certain footing.

247. Is it considered that, as these forces are part of the British army, they ought to bear the charge due to that individual regiment?—Yes; not because he is a general officer, but because he is colonel of the regiment. There would be men from time to time of that regiment at home on leave, and although they are not in India, we bear the expense of their pay for the time, because they belong to that particular regiment.

248. That brings the whole gross expenditure up to 505,000 *l.*—Yes.

249. Sir *Stafford Northcote* (to Mr. *Seccombe*).] This amount of 505,000 *l.* is the account which has not yet been adjusted?—That has not been adjusted.

250. Therefore, the word "say" introduced, means that it is merely a rough estimate of the number?—It was the most careful estimate that could be made at the time the account was prepared.

251. But you have not the means of getting the exact number?—No.

252. This refers, does it not, to the expenditure of the year ending March 31st?—Yes; we have not yet the correct return of the actual number, and in regard to artillery, the rate has not been fixed.

253. How is this 27 *l.* 7 *s.* 11 *d.* arrived at?—Two rates prevail with reference to the soldiers

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sent to India. For recruits we pay the whole expense of levying and training the recruit. In regard to men on passage we pay a smaller amount, because a portion of each man's service has been already rendered. A month less is taken in the period of his training, and some other expenses are omitted. The scale in this account, in regard to recruits, is a very high one, consequent on the arrangements which Sir Thomas Pears referred to just now, of maintaining two companies in this country for each battalion of infantry in India, and one troop for each regiment of cavalry.

254 On what principle are the recruits who do not go out to India charged to Indian finance?—The charge is made only for the recruits that go to India, but different rates are charged for men with regiments and for recruits who go out at the commencement of their service.

255. (To General *Pears*).] What are the two companies that are retained in this country?—The arrangement made two years ago by the War Office with respect to battalions at home and battalions abroad was this. Assuming that a regiment consists, as it does in some cases, of two battalions of 10 companies each, they will keep at home 12 companies and send abroad eight. Of the 12 companies that remain at home, four constitute the depôt, two of the companies being the depôt for the battalion abroad, and two for the one at home, in the event of its going abroad also. They propose to charge to India, not the whole, but a very important part of the expense of two of these companies, because they say they are required to obtain, and to drill, and discipline the recruits for the battalion abroad.

256. But with regard to the original arrangement made, of the payment of 10 *l.* for every man in India, was not that a net arrangement, that this country provided the men and India paid for the men received?—Under that arrangement the War Office took upon themselves the providing of men in the country, and undertook all the expenses connected with the preparation of those men; and the 10 *l.* capitation rate upon the force in India, which, of course, came to a very large sum, was estimated to be sufficient to cover all expenses, and I believe it was. (Mr. *Seccombe*) No; the War Office authorities say that it did not cover all expenses.

257. Sir *S. Northcote* (to General *Pears*).] Then has that arrangement been entirely set aside?—Yes.

258. Sir *C. Wingfield*.] This present arrangement of charging the actual expenses, that is to say, so much per man, is more advantageous to the Indian Government than the old capitation grant, is it not?—No, I doubt that. (Mr. *Seccombe*.) The capitation rate also comprised other items which you will come to presently—the furlough pay of officers and the depôts of British regiments serving in India. We are paying this year 658,000 *l.* for 61,000 men.

259. (To General *Pears*.) Then, I understand that you consider that the Indian Government is too largely burdened with the cost of officers to the number of men trained and sent out?—I think so.

260. I think 200 officers are being paid for by the Indian Government in England for training and sending out about 3,000 men?—Yes, in the infantry.

261. And a far less establishment of officers would do for the purpose?—Certainly, if Indian interests alone were concerned.

262. When the East India Company used to send out men, their average for infantry recruits sent out was 26 *l.* 7 *s.* 3 *d.*?—I think that that did not include quite everything that is now included.

263. It would be liable to some augmentation for the enhanced price of everything?—Yes.

264. It would be under 40 *l.* now, instead of 67 *l.*?—I should say so, certainly.

265. Did those recruits that were sent out by the East India Company undergo a shorter course of training than they do at present?—They did, generally.

266. The training is somewhat longer?—Yes.

267. Then it may be a question whether the training is not unnecessarily long now?—I do not think it is that; but I think there are an unnecessary number of officers and non-commissioned officers to carry out that training. Instead of being in large depôts, as they were under the East India Company, they are broken up into company depôts all over the country.

268. It is a more costly arrangement, and a larger number of commissioned officers are required to carry it out?—Yes.

269. Do you consider that the Horse Guards try rather to saddle you with expenditure that you think more properly belongs to their department, and is not fitly chargeable to India?—We have to deal rather with the War Office than with the Horse Guards. I do not think, so far as my experience goes, that they are in the habit of attempting to fasten on us expenses that they have not got some ground for believing ought to fall upon us. In all these cases, especially where the army is concerned, the War Office and the India Office look upon the question from entirely different points of view. It is the duty of members of the War Office to relieve the finances of their department as much as they can, and it is our duty to protect ours; and it is an extremely desirable but difficult thing in the case of a soldier to determine some general principles upon which these charges shall be made. I have known men of extreme opinions on the War Office side argue that we ought to bear a share in all the expenses of the military administration in this country; and, on the other hand, a man entertaining extreme opinions on the Indian side might argue that we should not pay more for a soldier than the people of India, if they had an independent Government, would pay for themselves. I suppose we ought to endeavour to hit off some middle course between those two. Now a soldier is the only commodity, if I may so speak, which we have to obtain, for which we have no open market; the War Office have a monopoly, and we go to them for a soldier. They make certain arrangements to supply this soldier. The arrangements are dependent, at least to a very great extent, on considerations of imperial policy. Then they say to us, "A soldier costs us so-and-so under these circumstances, and you must pay for him at that price;" whereas if we were left to ourselves, we could get the soldier much cheaper. But we cannot interfere with their arrangement, or combat their views of military administration. And that is the case with regard to recruits. We have said to them, "If you would only have such depôts as the East Indian Company had for Indian regiments,

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regiments, you might furnish recruits at a much lower cost." But they say, "That does not suit our policy of military administration; we must have depôt companies all over the country, and the expense of a large portion of those companies must be borne by India.

270. Then, I understand by restricting India to the War Office for its soldiers, it is forced to buy a dearer article than it could elsewhere procure?—Yes.

271. *Chairman.*] Has any account been made up at the India Office of the actual cost of soldiers in the old European force of the East India Company, as compared with the cost of an equivalent number of British soldiers belonging to the Crown?—I am not aware that such an account has been made, but I should think that the thing might be done. It would not be an easy thing to compare them now, because, in the first place, our British force in India was made up always of two elements, the British and the local, and there are some circumstances in these days which would no doubt enhance the cost of a soldier in India, even though he belonged to a local army. I have not seen a comparison of that kind, but there could be no difficulty in making an approximate estimate of that sort. I should think there is no doubt that they are vastly more expensive than they were.

272. Perhaps you can show in that statement the causes of increase?—Yes; I suppose that might be done.

273. Sir *C. Wingfield.*] In the Papers laid before Parliament on the reorganisation of the army in 1858-59 there were statistics on that subject, were there not?—I have no doubt they would form an important argument on one side or the other.

274. *Chairman.*] But you can give us a comparative statement of the cost now with regard to the cost formerly incurred in placing the European soldiers in India by the East India Company?—I will endeavour to do so; I will look into it; I do not know how long it might take to prepare such a statement, or what the difficulties might be.

275. Sir *C. Wingfield.*] You have always paid for these colonels of regiments?—Yes, always.

276. In fact, in paying for these colonels you are really paying for a part of the general staff of the British army?—I do not call it the general staff; the colonel is an element in the regimental organisation.

277. But he is not expected to do any regimental duty?—No.

278. Therefore, India has to pay for an article from which it gets no use?—Precisely in the same way as the British Government has to pay for an article from which it gets no use; it is more like a pension.

279. Then it would be as reasonable, would it not, to charge India with a part of the cost of the Horse Guards?—I do not think that is so. They send us out a regiment complete, and they say it is a part of the regimental organisation that there should be a colonel at the head of it; and so long as that exists, I think it is not unreasonable that we should take it as it stands.

280. Is it not merely a mode of giving the man a certain stipend?—I presume that if instead of having their names at the head of regiments there were merely a long list of major generals, they would claim payment for them from the India Office in proportion to the number of regiments in India.

281. Supposing that a plan was carried out by which the general officers of the army should be remunerated by fixed salary as such, would it be just that India should bear the charge of any of these officers?—It would be a question of policy as well as a question of justice to India. I mean that other questions of the same kind arise as to how far the general charges of the British Army should be borne by India, and it seems to me that what is wanted is some clear and intelligible principle on which these charges should be made; whether as we hold India in subjection we are to make her pay the uttermost farthing for the expense of so holding her, the expense of our army being perhaps the greatest in the world. It seems to me that what is wanted is some equitable rule to guide us in framing the charges.

282. The Act of Parliament says, that no expenditure of the Indian revenue is to take place except for the purposes of India solely. Can it be said that that provision is strictly complied with if you make India pay more for an article than it would have to pay if left to itself?—That is the question. We ask for a soldier, and the question is how shall we pay for the cost of that soldier. Some men would put a share of the Commander-in-Chief, and the Secretary of State for War on that soldier, but we have to consider the circumstances under which we hold India and the poverty of the people.

283. You are confined to a market that imposes its own terms?—Yes; we have not only the War Office but the Treasury against us; and it resolves itself into a question between the British taxpayer and the Indian taxpayer in the end. As an instance of these charges, which are so difficult to settle, I had one brought under my notice this morning. The War Office have certain rules under which they give to non-commissioned officers promoted to commissions gratuities to enable them to fit themselves out with their uniforms. A non-commissioned officer is promoted in India to a commission, and because he is in India, the War Office asks us to pay his gratuity. Now it is a matter purely for the patronage of the War Office, and connected with the general system of military administration for the British Army, and I think it is not for India to pay for such a thing as that.

284–85. Mr. *Birley.*] May these rates of which we have been speaking be varied from year to year, or are they fixed?—They are fixed under an understanding that they will be subject to revision. (Mr. *Seccombe.*) It has only been agreed to for one year.

286. The artillery rates are not yet decided?—Not yet; there has been a considerable delay on the part of the War Office in furnishing the necessary information for the calculation, and the changes that have been in progress have rendered it almost impossible, because the information of to-day is of little use to-morrow.

287. How is the estimate made?—Upon the materials before us.

288. The number of men is not stated here?—No, it is not; there were 950 artillery.

289. Mr. *Beach* (to General *Pears*).] How long does a regiment ordinarily serve in India?—Ten years it has been hitherto; but it will be somewhat longer now; instead of bringing five regiments of infantry home every year we are

now

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now going to bring home four; it will be from 12 to 13 years in future.

290. There has been a power of withdrawing a regiment if necessary at a shorter period?—Yes.

291. Every time that occurs it will necessarily add considerably to the expenses to be met by the revenue of India, will it not?—India, under those circumstances, will not pay more than the average of four regiments per annum. If there was a war in Europe, for instance, and the Home Government wished to withdraw more than that number, they would pay the expenses of withdrawing them.

292 Sir *D. Wedderburn.*] You said just now that there was a want of a fixed principle to regulate the relative charges as between England and India in military matters; but I rather gather from your statement that the principle followed is, that in all doubtful cases India has to pay?—No, I do not think that; I think the usual plan is, if there is any doubtful thing, to have it put before the Committees.

293. But you said that you disputed with the War Office under very great disadvantages?—So we do, because they have a monopoly of the article, and we cannot say that we will go elsewhere for it; but they are open to reason like other men.

294. Sir *J Elphinstone.*] What was the expense of sending a man out to India under the East India Company; what did a recruit cost when he landed, for instance, at Bombay or Madras?—He used to cost before he embarked about 27 *l.* I do not think that I have the data here for his passage out, but it might have been about 15 *l.* or 20 *l.* more, I suppose.

295. How is that relatively with the expense at present?—The cost of the Indian soldier to us now is 63 *l* as a recruit, and we estimate that it costs about 19 *l.* to 20 *l.* to take him out.

296. *That is to say, it was as 42 l. to 82 l.?*—Yes.

297. At that time the East India Company recruited for themselves in this country?—Yes.

298. And the service was very popular, was it not?—I think so; and I think that the India service is popular now.

299. There is never any difficulty in filling up the number of recruits?—Never, I believe.

300. (To Mr. *Seccombe.*) To what do you attribute the great increase of cost now?—To a certain extent to the fact that we get recruits more fully trained than formerly; but, independently of that, the system is so entirely different that an increased expenditure is inevitable. The East India Company had recruiting officers, and one general depôt; now we have to pay, under the head of recruiting, a charge for two companies for each battalion of infantry.

301. In fact, you are saddled with a great many expenses which are by no means necessary to obtain the troops that you require?—We consider so.

302. (To General *Pears.*) Have you considered the present scheme of army regulation, as regards your future prospects in that respect, of second battalions for foreign service; will that give you a cheaper article?—The enlistment Act is likely to increase the expense to us, but then we hope that by increasing the period of service in India for each regiment, and by having a much smaller number of them, men with wives and families, and by giving greater inducements to re-enlistment, we shall compensate for the additional expense.

303. With regard to the recruit having been longer in the army than the recruits that you used to send out to India formerly, is there any great advantage in a sanitary point of view, or *otherwise, in that fact?*—So far as we can judge from the statistics which we have, I do not think they would show that the men are healthier now at a certain age than they were under the East India Company, but it certainly has the advantage of putting men under their colours in India in a better state; they underwent almost all their training formerly with their regiment in India.

304. Did not that habituate them very much to Indian life, and make them more attached to the country than if they had gone out at a later period?—In either case they go out very young, and it is only lately that we have made arrangements to send none out under 20; but the East India Company used to send out recruits somewhat older than the Horse Guards have been doing it of late years. They very seldom sent them out under 19, whereas, until it was noticed in Parliament a year ago, they were sent out of late years even younger than that.

305. I think, having had some experience in carrying troops out to India, if my recollection serves me, 20 was the age, and they were generally very stout well-matured young men at that time; but the difficulty of taking them from the Presidency up into the interior at that time, I apprehend, was the reason that they were not so healthy on their arrival there as they are now, is not that so?—I do not think that the returns show that there is any difference in that respect, but I cannot speak positively.

306. But at present recruits are not detained in the Presidency, as they used to be in the East India Company's time?—No; they are moved up to their regiments at once by rail.

307. As a matter of fact, the soldier now, without being materially a better commodity, costs 82 *l.* as against 42 *l.* in the time of the Company?—I think he is so far a better commodity, that he is more of a soldier when he joins his regiment than he was at that time; but considered in the light of raw material, I doubt whether he is better or so good as he was under the East India Company.

308. I think, if I recollect rightly, the size under the East India Company was 32 inches round the chest?—I do not know what the size for the army is now.

309. How long did it take with those recruits, in the East India Company's time, before they were fit for service?—I should say that six months after they arrived in India with their regiments they made very good soldiers.

310. Then the margin of cost is simply this: that you pay 82 *l.* for one article which is six months more mature than what you formerly paid 42 *l.* for?—I think that is a fair way of putting it.

311. Mr. *Fawcett.*] I understand you that for every four companies that are in India there is one company in depôt in England?—For every battalion that there is in India, which consists of eight companies, there are two companies in England, that is the proportion.

312. Of these depôts India pays nearly the whole of the expense, as I understand you?—It pays the expense of all the officers and non-

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commissioned officers, and a very few of the men; they are supposed to have no men except those who are under training. In the Army Votes they put down to each company 100 men, I think, but we pay only for seven in the estimate of the cost of our recruits; we are charged with only seven of those men, but all the officers and the non-commissioned officers.

313. Therefore, as far as the officers and non-commissioned officers are concerned, you may say that India pays for five and only has the service of four?—Yes.

314. Therefore she pays for exactly one-fifth more of the commodity than she has?—She pays for officers in this country for the specific purpose of supplying the service companies with men.

315. But still in a case of national emergency those officers and the men in depôt would be reckoned among the effective strength of the English army?—I have no doubt that they are so reckoned, and they are included in the aggregate vote of the year.

316. Therefore what it comes to is this: that when we have it stated in Parliament that there are so many officers and non-commissioned officers and men in England, a portion of those men India is paying for?—Exactly so.

317. Do you think that that is right?—It may be that on the Army Estimates, on some page that I have not seen, a credit is given for the payment from India; but I do not understand the preparation of those papers sufficiently to say whether that is the case.

318. Supposing that there is not such a credit given, do you think it is really honest to tell the English people that they have so many effective soldiers, that they are paying a certain amount towards them, whereas a certain portion of the expense, and not a very inconsiderable portion of the expense, is paid for all the time by the Indian people?—I presume that it is some peculiar method of exhibiting the Army Estimates that the House of Commons are more familiar with than I am.

319. Do you think that the English people, and even the Indian people, are generally aware of this very extraordinary fact, that no inconsiderable portion of the effective strength of the army in England is each year paid for by the people in India?—I think it is a very inconsiderable portion that is so paid for. In this case it is 200 officers out of the whole amount of the Army Estimates, a certain number of non-commissioned officers, which I forget, and about 350 men.

320. But so far as that goes, they are included in the effective strength of the English army?—They seem to me to be so, so far as I understand the Army Estimates.

321. You stated that India pays 63 *l.* for each infantry recruit, and 136 *l.* for each cavalry recruit?—Yes.

322. That infantry recruit, you stated, in the average, had been trained for seven months, and the cavalry recruit for ten months?—Yes.

323. Therefore India pays at the rate of 100 *l.* a year, or rather more, for the training of infantry recruits, and at the rate of 150 *l.* a year for the training of cavalry recruits?—Yes.

324. Do not you think that that is very extravagant?—I think it is too much.

325. Has it ever been represented to the English Government or to the War Office?—We have represented it to the War Office. It was pointed out by the Committee of which Mr. Seccombe was a member, and two India Office members recorded a dissent from that, or a protest, and we addressed them in a letter about six months ago, pointing out that the charge was excessive.

326. But still, as far as I understand, you may go on pointing it out, and you have no power of protesting with effect?—I do not see that we have any power.

327. Then the financial position of India is this, that the Indian Government is compelled, whether they like it or not, to obtain soldiers through the English Government, and whatever extravagant price the English Government chooses to charge the Indian Government for these soldiers India must pay?—We have in ourselves, it seems to me, no distinct power; we take every measure, such as appointing Committees to consider the matter; we have correspondence which is always available if Parliament chooses to see it; and therefore these things, sooner or later, always come to the bar of public opinion, and that is the only support that we have.

328. You say that they come to the bar of public opinion, but the English Government is interested in cutting down English estimates to the lowest possible point, whether they do it at the expense of the Indian people, or anyone else, are they not?—Certainly.

329. Therefore the unfortunate position of India is this, that you are absolutely compelled to buy an article from a certain Government, and that Government is interested in charging you the most extravagant price possible for it?—That is the position, speaking of that Government as ordinary men, who would consult the interests of their own department rather than the general interests of the empire at large.

330. And do you not think that this remark would apply generally?—I should hope not to all. I presume that statesmen of this and all other times would take a large view of the interests of the empire, including India, and that if the case were put before them, both sides being represented fairly and fully, they would come to a fair decision; at least, that is what I hope for. I have not always seen it attained yet.

331. Is there a very strong feeling existing in the Indian Council, and has it existed also in the minds of successive Secretaries of State, that India is charged too much for the army administration?—I think that in matters of this kind this item of recruits is the only important item in which there has been any serious doubt as to the propriety of the charge.

332. I judge from your evidence that you are clearly of opinion that India would save a great deal financially if she were allowed to recruit her own soldiers; do you see any disadvantage in returning to that system?—I think that it would be a great disadvantage to the imperial interests at large if you broke up the army into two armies; but that is one reason why the Government should give fair play, if I may so speak, to India in the distribution of these military charges; because there is no doubt that if she had her own army she could do the thing very much cheaper than by taking the British army, or a section of it, on its expensive organisation.

333. Suppose India was allowed to recruit her own soldiers, have you estimated what saving in the

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the expense there would be; do you think it would be 20 per cent.?—I should think so. I have not made the calculation, but comparing it with the expense of the old recruiting depôts of the East India Company, and allowing for the increased price of provisions, I think there would be that saving.

334. So that an additional burden is being thrown on India by the amalgamation?—Yes.

335. I understand that the India Government and the Secretary of State in Council have repeatedly remonstrated on this subject?—A letter was written to the War Office strongly remonstrating against these recruit charges six months ago. We have had no answer to that yet. In that letter we pointed out that the general depôt system, as distinguished from the regimental, would be an equally efficient one, and far more economical than the present.

336. Do I rightly understand you that this letter was written by the Secretary of State in Council to the War Office more than six months ago, and no notice has been taken of it?—It has not yet been answered; but they have been considering the new organisation; they had it under their consideration while they were preparing all these new schemes for the organisation of the army.

337. Mr. *Lyttelton.*] How much more training do the cavalry troops require when they arrive in India?—I am not aware that they require any more; they are considered to be finished soldiers.

338. But infantry troops require seven months, as I understand you?—Seven months altogether, not seven months in addition. In our calculations we generally consider that it takes five or six months to make them soldiers; some of them may be three months, and some of them may be 12 months in the depôt, but in making the calculation we assume that each soldier is an aggregate of seven months in the depôt.

339. *Chairman.*] Is there any item in the account representing the pay of officers of the Queen's army whose regiments are serving in India whilst they are in England on furlough?—Yes; "Furlough pay of officers, &c.," 133,000 *l.* It is the fourth item on that list.

340. That represents the whole of the pay whilst they are in England?—Yes; and the colonels commandants of artillery.

341. Then the officers who are with the depôts for whom you pay are merely engaged, so far as the army in India is concerned, in the work of recruiting?—They are supposed to be.

342. But they form, at the same time, a reserve of officers capable of being sent out to India in case of a demand for additional troops?—Yes; and they are relieved periodically from India. The same men do not stay permanently; they belong to the battalion; and they do not allow them to stay more than two years, as a general rule, with the depôt.

343. Has any comparison been made with respect to the cost of officers coming home now on furlough, as compared with officers coming home from the East India Company's Service on furlough?—No, I do not think that we could arrive at any comparison.

344. No calculation has ever been made as regards the cost of the army in all those respects now as compared with the cost under the East India Company, I mean pensions and retiring allowances and furlough?—I have no doubt that such comparisons were made largely during the discussion on the amalgamation of the armies; I might be able to find them, I cannot say what the result was.

345. I mean, taking the present charges and the charges that the Government of India bore on account of these furlough allowances, and the pensions?—We should find it difficult to separate the furlough allowances and pensions in the European element of the Indian army from the native element; they were all lumped up in one.

346. But still you might be able to find what the cost of the old system was as compared with the new?—We might.

347. You would have to add the contributions made to the various funds in addition to the present cost, for the purposes of a comparison?—Yes.

348. No comparison has been instituted recently between the two systems in all the items of charges?—No.

349. Do you think it would be possible to make such a comparative statement now?—I think it would be extremely difficult to make one that would have any value.

350. Mr. *Dickinson.*] Does the 27 *l.* 7 *s.* 11 *d.* per head of infantry represent the improved value of the man as a soldier?—It represents his estimated value to the Government which he is about to serve when he goes out from this country to India. We pay the War Office that sum for him, and when he comes back they pay us.

351. Any soldier is improved 27 *l.* 7 *s.* 11 *d.*, compared with his worth as a civilian; it comes to that?—That is what he has cost.

352. Do you get that sum for invalided or time-expired men coming home?—No.

353. The cost of the recruit is entirely thrown upon India?—Yes; but on his coming home we should get back the 27 *l.* 7 *s.* 11 *d.*

354-5. Should not the expense of training that recruit be thrown over the whole service of the soldier, rather than be placed upon you entirely?—I think that my financial colleague, who has considered these things in Committee, can answer that better than I can. (Mr. *Seccombe.*) It would be hardly practicable to do that; when a regiment goes out, it contains soldiers of different periods of service, and we assume, taking the average, that each man is worth 27 *l.*, which is less than the cost of a recruit. To pay for recruits at the same rate as for men who go with the regiments would be a convenient plan, but it would be very liable to error while changes in the mode of recruiting are in progress.

356. Assuming the cost of a recruit to be 63 *l.*, the cost of teaching him the business of a soldier, ought not that cost to be thrown over his whole service rather than thrown upon the Government of India, because they take the first of his service?—So that, in fact, every man that goes out, whether he goes as a recruit or goes with his regiment, should pay the same sum (that is your proposition, as I understand), and that that sum should be arrived at by taking the cost of levy and training, and spreading it over the whole term. It would be convenient if we could arrive at such an arrangement, but it is exceedingly difficult.

357. Does not the 27 *l.* represent the whole improved value of the man?—We take his shorter period of service, and, omitting certain charges

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in the calculation, we arrive at the 27 *l.*, but the other rate is dependent upon an entirely different state of things, which involves the maintenance of two companies for each battalion of infantry. The 27 *l.* rate was arrived at previously to the arrangement about the two companies.

358. *Chairman*] Supposing a recruit is sent out the last year that the regiment is in India, the Government of India pays 63 *l.* for that man, and he comes home the next year, and is in this country for nine years afterwards, we will say; on what principle is it that the Government of India pays 63 *l.* for a recruit of one year's service, while the Queen, in this country, has his service for nine years without paying any portion of that?—The discrepancy appears very considerable, and, therefore, is open to objection, but it arises from this fact, that the 27 *l.* was arrived at under a cheaper state of things than the subsequent arrangement as to the two companies to each battalion.

359. The solution, perhaps, of the justice of the demand would be this: if a regiment goes out, all the men sent there are paid without any portion being paid for the recruiting at all?—No; we pay the 27 *l.*

360. You got that when they came back again?—Yes.

361. Therefore you get supplied with a great many soldiers without paying the full recruiting charge?—We do.

362. You pay the full recruiting charge for those that come in in substitution of those that you send back?—Yes.

363. Therefore, in that view, you return to this country only what you receive?—Yes.

364. Mr. *Fawcett* (to General *Pears*).] When I was asking you the number of officers, non-commissioned officers, and men who were reckoned as effective in England, but whom India is paying, you told me a certain number of officers and very few men; I think you forgot to take into consideration that all the recruits for whom India pays form a part of the effective strength of the English army?—They are not borne on the English votes.

365. But if a man is enlisted he is immediately a member of the English army, is he not?—That is so; and they would be in England.

366. When, for instance, the Secretary for War says, that in England at the present moment there are 30,000 men, it is quite possible that out of that 30,000 men 3,000 may be recruits preparing for India?—I have not got the Army Votes here; they certainly bear the officers and non-commissioned officers of these depôt companies on their votes; but I am not certain whether they bear our recruits on that page which gives the aggregate number of officers and men in England. I think they do.

367. I feel certain that they do; therefore your original answer to my question would not be correct, would it?—No, in that case it would not; I was alluding to this fact which I should like to explain; in arranging the data on which these charges for each recruit should be estimated, we allow that of the permanent strength of each depôt company seven men alone shall be charged throughout the year as on the recruit account; but certainly they will have for a certain portion of the year a varying number of raw recruits, averaging 60 per annum, who will be thus paid by us.

368. And in the case of a national emergency these recruits for whom India is paying at an enormous rate will be available to add strength to the English Army?—No doubt.

369. Therefore I may supplement your answer to the original question by saying that India not only pays for a very considerable number of officers and non-commissioned officers, but also for a considerable number of recruits who are in England and who may be at any moment available for any purpose for which England may require them?—Quite so.

370. Therefore the financial injustice which is done to India is even much greater than was originally represented?—If they admitted that these men would be of any service to them at any crisis; but I understand that the Secretary of State for War at the present day does not admit that.

371. But suppose the crisis occurred just before the recruit was going to be sent to India; if India is going to pay such an enormous price as she does pay for him, surely she is charged a great deal too much for the value that she receives?—But India does not pay for them till they are embarked.

372. But up to the moment that they are embarked they are ready in England for any emergency; therefore, if India pays such an enormous price, the Secretary of War cannot fairly say that they are of no value; if so, why is India charged such a price?—I do not think that it is quite fair to say that they are of no value; but it is a plausible argument; as long as men are under training they are not considered in general as effective soldiers.

373. Mr. *Dalrymple*.] Is there any reason to think that the apparent decrease in the Army Estimates at home is only obtained by throwing a greater expense on India?—Not that I am aware of, unless it is in this very charge of recruits. No doubt if they did not charge us so much for those recruits they would have to bear a little more themselves.

374. *Chairman*.] Is it not rather that the Government of India has reduced the numerical standard of the army in India, and the Home Government has had to bear all the additional expense?—No; the Indian Government undertook to pay that till they were absorbed in the regular strength of the British Army.

375. Then what became of the officers?—As long as the officers and men were in excess of the authorised establishment at home we had to pay for them.

376. Sir *D. Wedderburn*.] How is this estimate of 2,500 infantry accounted for; does it include the men who have died in service?—Men who have died in service, who have come home on leave, or who have volunteered for regular service.

377. The annual loss of men in the entire army serving in India is greater than 2,500, if you include men whose service time has expired, and men who die?—It is the infantry only. We estimate generally that 3,000 men are the average waste.

378. Mr. *Hermon*.] With regard to the expense of preparing the recruits; no recruits are charged to the Indian establishment until they embark, are they?—No; we make advances to the War Office to meet current expenses, but the charge is not made till the men have embarked.

379. So that if recruits have been recruited for the Indian service, and owing to any sudden emergency

emergency are diverted from that service, the Indian Government are not charged with any expenses of those recruits?—No.

380. *Chairman.*] Will you turn your attention to the item of 469,000 *l.* for "Furlough allowances of officers of the Indian service," and will you state what that item means?—It is the furlough, say, of officers of the Indian Army while they are in England on leave under the regulations.

381. Are these the officers that belonged formerly to the local army?—Yes, the staff corps of the local army.

382. Sir *C. Wingfield.*] Of the Royal army, too?—No, the Royal army comes below.

383. *Chairman.*] This is entirely regulated by the action of the Government of India and the military authorities there?—Under regulations which have been sanctioned by the Secretary of State for India.

384. Is that a diminishing item?—It has been for the last few years increasing, but it is a diminishing item; it will diminish to a certain extent when the first operations of the new rules have passed away. In 1868 some new and liberal furlough rules were introduced, and that led to a large increase in the number of officers who came home; but to some extent it will undergo diminution in the course of the next two or three years.

385. Mr. *J. B. Smith.*] Inasmuch as the route to India has been very much shortened by the Suez Canal and otherwise, do you think that having respect to that the furloughs might be shortened?—They have been shortened. Under the East India Company the minimum amount of furlough granted to a man was three years, and from time to time, as the means of communication have been improved, the furloughs have been reduced; and now the maximum amount is two years on private affairs, and that only once in an officer's career. After that, only one year at a time. On medical certificate they may get at a maximum three years' leave, but no more.

386. Are all expenses paid for them?—No; but under the new rules they get such a portion of their Indian salary as enables them very comfortably to come home and pass their time at home, provided that they do not stay more than two years, when their pay is reduced.

387. That item will be diminished?—Yes, because an unusually large number of officers have come home during the last two or three years, availing themselves of the new rules; but it is impossible to say what amount of diminution there will be.

388. There is another item of the same nature, "Furlough pay of officers, and pay of colonels commandants of artillery"?—Those are the officers of the British army. The difference is this: the one are entirely under the Government of India; the others are officers serving with a British regiment.

389. Mr. *Fawcett.*] Of the officers whom India at the present moment is paying, how many do you think are in England, and how many in India?—There are altogether about 3,200 officers in India, and there are between 600 and 700 of those on leave.

390. And how many of them are at depôts?—I am speaking of the Native army only now.

391. I mean of the whole army; taking the whole army, I will not say the non-commissioned officers, but the other officers, the officers who actually at the present moment are deriving their pay from the revenues of India, how many are in India, and how many in England?—Of officers of our own local forces with whose leave of absence we have to do, there are 600 or 700 at home out of 3,200, or thereabouts. Of officers of the British regiments who are at home, I could not exactly say the number; it is a matter entirely managed by the Horse Guards.

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392. As India pays for the officers, that matter surely ought to be under the control of the Indian Government?—We do not care much about that, because every officer that comes home from India on leave, on the British service, is a gain to us; that is to say, he draws less pay while at home.

393 But he does no work?—Yes; but we leave the Horse Guards and the War Office to be responsible for the discipline of the regiment out there.

394. Surely there is some limit to that principle; if not, you had better petition the Horse Guards to-morrow and get leave for all the officers?—If there were anything going on likely to interfere with the discipline of the regiments, the Government there would no doubt notice it.

395. Can you give me any rough estimate, confining your attention simply to the English army, of the number of officers at the present time being paid out of the revenues of India, who are in India, compared with the number who are in England?—I am afraid I could not do it with any accuracy. The number of infantry officers in India, effective with the regiments, will be about 1,200, I should think, and they would have 200 at the depôts and probably 200 on leave.

396. Would you kindly look into that for us?—Yes.

397. According to the figures which you have just given, one-fourth of all the officers belonging to the Indian army, for whom India is paying, are in England? — Yes, I think that would probably not be very far from the mark, but I would rather have a statement prepared.

398. Mr. *J. B. Smith*] No furloughs are allowed to non-commissioned officers, are there?—Yes; a limited number of the sergeants are allowed to come home for their health.

399. Mr. *Fawcett.*] Would you kindly, so that we might compare the two systems, furnish the Committee next time with a statement of the number of officers supported out of the revenues of India who are in India, and the number who are in England; the number of non-commissioned officers who are in India, and who are in England; and the number of soldiers who are in India and in England?—The soldiers would be only the invalids and time-expired men.

400. Of course a portion of the officers also are in England on account of their health?—Yes.

401. What would render it necessary to send an officer home might render it necessary to send a private soldier home?—Yes; they send many home, and they then go to the depôts.

402. You could furnish that statement to the Committee?—I will endeavour to get it from the Horse Guards.

403. Sir *D. Wedderburn.*] What exact proportion of his Indian allowance does an officer draw when at home on furlough?—The officers whose regiments went to India before a certain date, get for the first six months one-half of their

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Indian pay if they come home on medical certificate; but those whose regiments went after a certain date get only their English pay.

404. Mr. *Beckett Denison.*] Does 469,000*l.* necessarily include the whole of the furlough charges debitable to the year, because there are a good number of officers who go to Australia, and other parts of the world, and their furlough is charged to India, I suppose?—Yes, it would be so, if they went to Australia or the Cape, but I think it is a very small number of those. There are advances made in India to officers coming home on leave, but that is not considerable; it is just three months advanced.

405. The rules regarding furlough of officers of English regiments in India are precisely the same as they have been for many years past?—Yes, with that one exception; that until the last few years officers of a British regiment coming home on a medical certificate were allowed six months of their Indian pay; but when a more liberal and comprehensive passage-warrant was sanctioned by the Secretary of State for India, they withdrew that privilege, and applied the same rule to British officers leaving India as is applied to officers in any of the British colonies, that is to say, from the moment they left India they were on British pay.

406. Practically there is no limit to the number of officers that might be on furlough at any one time, except the judgment of the commander in chief, of what was necessary for discipline?—Yes.

407. *Chairman.*] The next item is "Depôts of British Regiments serving in India: Clothing" 33,090*l.*?—That was the charge in the old system under the capitation rate, under which the clothing of the depôts fell without reference to the capitation rate upon the Indian revenues.

408. That will not occur again?—No.

409. The next item is 133,462*l.* for the "Furlough Pay of Officers, and Pay of Colonels, Commandants of Artillery;" does that mean the whole of the officers of the Queen's general army on furlough, as well as colonels commandant of artillery?—Yes; formerly that fell under the capitation rate, and it was covered by that until the last year or two; but now we pay all the indirect expenses ourselves, and the colonels commandant of artillery are in precisely the same position with those general officers who stand at the head of brigades as colonels.

410. Mr. *J. B. Smith.*] Can you furnish the Committee with the amount which is paid on furloughs to other places in England?—We could not furnish that here. We pay all men who are on furlough in Europe; if a man goes, for instance, to France, and resides there, his pay would come here. (Mr. *Seccombe*). We can furnish it if it is given in the accounts received from India.

411. Sir *D. Wedderburn* (to General *Pears*).] Is it only when an officer returns to England that he ceases to have any claim upon the Indian allowance?—Only on his embarkation from an Indian port, with a view of returning to England.

412. As soon as he is out of India proper?—Yes. If he is struck off the regiment by promotion to another regiment, then the India allowance ceases sooner, because another man is brought on in his place. Those are cases specially provided for in the regulations, by an understanding between ourselves and the War Office.

413. *Chairman* (to Mr. *Seccombe*).] The next item is 10,856*l.* for "advances to regiments and recruits proceeding to India;" is that an advance which would be accounted for when they arrive there?—Yes.

414. (To General *Pears*).] Then there is an amount of 49,849*l.* for "passage of officers and troops;" on what account was that paid?—During those two years there were more officers and troops to be taken out than could be taken by the troop ships, and some came home by hired ships, in consequence of the state of their health not admitting of their being taken by Suez, and that is the charge on that account. We have not had any charge of that sort in the last year. Probably the troop ships will manage the whole business of the transport.

415. Can you state what the whole transport has been?—It has been carefully estimated by our late auditor, Sir George Jameson, that the entire cost was about 100*l.* for each officer, and 19*l.* for each man.

416. I mean that which is represented by this item?—No, I have not got that here. It would vary in the different vessels; it is generally done by advertisements, and varies a little.

417. Sir *C. Wingfield.*] You say that you had no charge on this account last year, but I think I have noticed charges on that account in previous years?—Yes, every year until the last.

418. So that though the Government of India pays an enormous sum for the regular transport, still additional expenditure is incurred?—We brought home four additional regiments some time ago when we reduced the army in India.

419. Those men are taken by contract in the regular sailing vessels?—Yes.

420. Mr. *Beckett Denison.*] As I understand, at the India Office you have no control over the changes of officers from one battalion to another, and officers when ordered to change do so at the cost of the Government; as those changes will be more frequent in the future than they have been in the past, will not that form a very serious additional charge on India?—It is very likely to be so. Hitherto the rule has been, that if a man went from one battalion to another by promotion or order we paid his passage; if he went at his own request he paid his own. But the system of double battalions has been the exception rather than the rule, so that it did not involve a very large expense; but if it were to be introduced as a system pervading the whole army of course it would increase our expense.

421. Mr. *Eastwick.*] When the short service men have reached their sixth year, will there not be an increased expense on account of the number passing into the reserve?—It is very likely that there would; we have endeavoured to calculate what it will be.

422. The inspector general of recruits reckons the increased expense to be from 10 to 15 per cent.?—But I have already observed that in considering what the additional charge would be we thought we should compensate for it by keeping the regiments longer in India, which we proposed to do; by a considerably reduced number of married men; and by giving greater inducements to men to re-engage in India. We shall probably take measures to re-engage more of them if it is not too expensive a system.

423. *Chairman.*] Your impression was that, as the re-engagement before was for 10 years, and now it will be only for a shorter period, more

men

men would re-engage?—They have always been tolerably ready to volunteer and serve with other regiments until their time was out. The India service is a popular service, and more so now than ever; and I do not think that there will be any difficulty in inducing men to re-engage. When this short enlistment was proposed as a general system for the British army, it was a very important measure, and we could not oppose it.

424. Sir *C. Wingfield.*] I think that last year in some of the regiments the volunteering was more successful than it was ever known to be before?—Yes, I think it was.

425. *Chairman* (to Mr. *Seccombe*).] Will not the changes being made in army organisation affect the question of the sum which India will have to pay for recruits?—That will form a very important consideration before the Committee which has to deal with that question.

426. The subject will have to be considered in that aspect?—Most undoubtedly.

427. Mr. *Eastwick* (to General *Pears*).] Can you state the proportion of regiments brought home every year?—We have 50 regiments of infantry, and we have undertaken now to bring home four every year, and we are not disposed to do more than that; and, therefore, if any further expense were incurred in that respect, it should not fall on India.

428. Mr. *Birley.*] What are the terms on which men were re-engaged?—They give them a bounty and free kit. I do not know the exact amount. I should think it would cost a matter of 10 *l.*

429. Mr. *Eastwick.*] Would you obtain that information for us, and also the number of men who have volunteered for the last five years?—Yes.

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430. Sir *C. Wingfield.*] Re-engaging and volunteering are two very different things, of course?—Yes.

431. Mr. *Beckett Denison.*] Does India pay the passage both ways?—Yes.

432. *Chairman.*] There seems to be a sum of 9,342 *l.* for "Cost of education and pay of assistant surgeons at Netley, and their allowances and passage to India on appointment;" is that for the maintenance of surgeons after their nomination?—It is for their education. We appoint a certain number of medical officers to the Indian service by a competitive examination, and then, with the concurrence of the War Office, we send them to go through a course of instruction similar to that which the British medical officers go through at Netley Hospital; they are there for about three months, and these are the actual charges incurred.

433. That is a charge entirely for professional instruction?—Yes.

434. Then there is an item for "Purchase of horses," 862 *l.*; that is for the stud in India, I suppose?—I cannot give much information about that: we have a special committee in the India Office who provide the horses, and send out stallions and brood mares for the stud there.

435. The "Cost of education of officers and cadets at Chatham and Sandhurst" is put down at 895 *l.*; what is that?—Those are the officers of artillery and engineers. In proportion to the number and strength of brigades of artillery and engineers we have in India, we bear the cost of education of the officers of those two establishments at Woolwich and Chatham. That is merely a portion. I fancy the accounts for some years must have been unadjusted, and this is not the whole year's charge.

Tuesday, 5*th March* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Robert Fowler.
Mr. Haviland-Burke.
Mr. Hermon.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Sir Stafford Northcote.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Major General Sir THOMAS T. PEARS, K.C.B., and Mr. THOMAS LAWRENCE SECCOMBE, C.B., re-called; and further Examined.

Mr. ROWLEY W. C. RICHARDSON, called in; and Examined.

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436. *Chairman* (to General *Pears*).] I OBSERVE that there is a double charge for non-commissioned officers and sappers of the Royal Engineers, namely 555 *l.*, in the account, and also a charge for "Recruits, Engineers, 720 *l.*;" what is the charge of 555 *l.*?—I presume that the 555 *l.* is merely a payment in advance or in adjustment. On the other page it shows the rate. It is merely the payment for the year, which I do not enter into as being a financial affair.

437. What is the arrangement made in regard to the Engineers, as to supplying men for the Engineer corps in India?—The Engineers are required in comparatively small numbers, and chiefly for employment in the Public Works Department, and so did not come under the capitation rate. It was considered advisable that a Committee should meet to determine upon some special charge to be made for each soldier of Engineers that was sent out instructed and trained from Chatham for the service of the Indian Government, and they fixed the rate for Engineers at 90 *l.* a man, and a higher rate for any non-commissioned officer that went out.

438. And they have a special education for that service?—They have a special education for that service. They are intended mainly for the Public Works Department, though a few of them are employed with the native Sappers and Miners in India as non-commissioned officers of companies.

439. Does the item of 264,926 *l.* for the "Indian troop service" embrace the whole expenditure in England on account of that service, or does it refer to any expenditure in India?—I am afraid that I am not competent to answer that in a satisfactory manner, as it is a matter of account; but I think there is no doubt of one thing, that it is exclusive of certain expenditure in India; but Mr. Seccombe will be able to answer that question better than I can.

440. (To Mr. *Seccombe.*) Are you acquainted with the account laid on the Table of the House on the 23rd of May 1871, relating to Navy Transports?—I am aware that such an account was laid before the House, but I have not examined it with great care.

441. Can you tell me whether the item of expenditure of 264,000 *l.* in the year that we are now considering represents payments in England of the same class as those shown in that account of Navy Transports?—Certainly; the whole sum paid in this country in that year.

442. I think this account relating to Navy Transports is made up only for the season of 1868–69?—Yes.

443. But the account is continued on a similar basis up to the present time?—Yes; but we have no complete account. We have not that which might be regarded as a balance sheet. We are in the hands of the Admiralty with reference to these accounts, and have not succeeded in getting full information at present.

444. You are not able, at present, to bring down the statement of account later than the one laid on the table?—That statement, I am told, is rendered to the most recent date to which they can bring it; but Mr. Richardson of that department will be able to explain to the Committee the state of the account.

445. (To General *Pears.*) The next is an item of "Stores supplied for use of the special Committee on Field Artillery Equipment for India," 951 *l.*; what is that; are those stores sent out to India by order of the Indian Government?—No; about two years ago, the question arose whether the breach-loading light field gun was the proper one for India, or for the service generally; and after a great deal of discussion and consideration, it was determined to make some experiments on a new pattern gun, a muzzle-loader; an officer of very considerable experience and ability was at home at that time, and a special committee was formed at Woolwich for the purpose of inquiring and making experiments upon the new gun, which is a bronze muzzle-loading rifle gun; and these are stores of various kinds, ammunition, and other things that were supplied to them for the purpose of these experiments. The experiments have been closed some time ago.

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446. (To Mr. *Seccombe.*) There is a large item of 929,000 *l.*, "Stores for India;" will you explain in what manner those stores are supplied?—The Director General of Stores will attend before the Committee to explain the items of stores in the different departments.

447. (To General *Pears.*) Can you give any idea of the nature of these stores?—They are chiefly what are called ordnance stores; that is, military stores for every branch of the service. Medical scores for the Military Department, I presume, are included; but a very considerable portion of this amount will be due to exceptional causes, there having been a large amount of machinery of various kinds sent out for the purpose of establishing Government manufactories for arms and ammunition in India, and so rendering the Government of India in a great measure independent of home supplies; and also there have been a great number of new patterns both of artillery and small arms.

448. Do you know whether the Government of India proceeds on the principle of getting any supplies it can in India from the traders there, and only sending to England for those which it cannot obtain there?—They get certain supplies in India from their own manufactories, but no supplies of military stores from any other source.

449. None others can be obtained in India?—No.

450. Do you know whether these indents, before they come home, go through any searching inquiry in India?—Yes; the whole of the indents from the minor Presidencies, as they are sometimes called, pass through the hands of a control department in Calcutta, and they have, I understand, what they call an indent committee, or something of that kind, at Calcutta, the late Governor General having taken great interest in the examination of the indents, and made every endeavour to reduce the demand as much as possible.

451. Sir *C. Wingfield.*] I think you cannot answer any question as to the details of the Indian troop service?—No, I have a report on the financial result of the working of the first year of the troop-ship service by Sir George Jameson, which I think will be valuable, and which I am prepared to give in to the Committee if they wish to have it.

452. Sir *S Northcote.*] Are you in a position to answer any questions of a general character as to the economy or otherwise of that system of sending out troops?—I could answer them by a reference to this very report that I allude to of Sir George Jameson, and any opinion that I may have formed would be based on that report. He has analysed the working, and compared it with what prevailed before the establishment of the troop-ship service. (Mr. *Seccombe.*) The general information to be derived from that report is that the expenditure under the old system amounted to 100 *l.* for officers, and 19 *l.* 9 *s.* 9 *d.* for troops; and that under the new system it is 100 *l.* for officers and 19 *l.* 16 *s.* 9 *d.* for troops.

453. The old system being the passage round the Cape?—Yes.

454. So that very little or no economy has been effected in that way?—There is a saving of time, which is I think not taken into account.

455. *Chairman.*] On the other hand, have you not the loss of the maintenance of the troops during three months when you have to maintain them in England, because they would be otherwise at sea, and be paid for as transports?—But is there any advantage in that? We have got their use.

456. It depends whether they come home as invalids, and whether the journey round the Cape would be beneficial or not beneficial to their health?—That is a question into which this calculation has not entered.

457. Supposing they did come home as invalids, and the four months' journey at sea was useful for their more rapid restoration to health, then you would have to take into account the saving of the additional cost of their maintenance while invalids at home?—Yes, if they return to India.

458. Or even if they remained in England?—If they returned, and were then pensioned as invalids or discharged, the saving would be of no value to us.

459. But if they came home as invalids by the Red Sea, not having the least improved by the voyage, they would then remain in England for some months, and the cost of maintaining them must be taken into account?—Yes, if not discharged.

460. And probably for a much longer time than if they had had the benefit of the sea voyage?—Perhaps so. (General *Pears.*) I think you would find that that would constitute a very small item of the saving one way or the other. The fact is, we virtually save the pay of the men, whether invalids or effective men. Invalids come home here in most cases for purposes of discharge, and if we bring them home quickly, and discharge them quickly, we save so much pay. But as regards the pay, there is no doubt that we have the services of men on pay for three months longer on the average than we had when they went round the Cape; you have the whole of your men at your disposal almost the whole time.

461. Sir *S. Northcote.*] Have you found that there has been any material difference in the expense since the opening of the Canal?—I have no doubt we shall effect a saving by it, but we have no accounts yet to show it.

462 It is now intended to send men through the Canal?—They have gone the whole of this season through the Canal.

463. Then that supersedes the old arrangement, of keeping two ships on one side of the Isthmus and three on the other?—Entirely.

464. What is the system now?—That all five ships take their turn through the Canal and back, and the desire is, if possible, and it will be carried out this year, to have all the five ships in England for repair and re-fitting during the recess, if I may so term it.

465. Do you think it will be necessary to continue to employ the five ships for the service?—I think so.

466. Sir *C. Wingfield.*] On what average of years is that estimate which you have given of the cost of the old system based?—In the accountant Sir George Jameson's report, the statement begins from 1861–62.

467. The cost of bringing a man home from India was much less than that of sending him out, was it not?—No, it was always greater in bringing home than in sending out.

468. Then you also said, I think, that the Indian charges on account of these transport vessels are not included in this account?—I have

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said that I thought Mr. Seccombe would be able to answer that. (Mr. *Seccombe.*) I am unable to go into the details of those accounts. In this average all expenditure is taken into account, but Mr. Richardson, who attends from the Admiralty, can answer those questions.

469. *Chairman* (to Mr. *Richardson*).] What is your office?—I am Superintendent of the India branch of the Admiralty, a branch which, under the Director of Transports, manages with the approval of the Secretary of State the Indian troop service.

470. Will you explain what number of vessels are employed in that Indian troop service?—Five.

471. Where are they stationed?—They have hitherto been stationed, two in Europe and three in Bombay; but since the opening of the canal they will all five, during the summer, be stationed in England, Portsmouth being their head quarters.

472. Two have worked from Portsmouth to Alexandria and the other three from Suez to Bombay?—Yes.

473. And now you propose to work them through from Portsmouth to Bombay?—They are now doing that this season, since the opening of the Canal.

474. What is the general tonnage of those vessels?—Each of them is 4,173 tons.

475. And what is their supposed maximum speed?—The maximum speed is about 14 knots, but the programme which is formed every year for the movement of the ships is calculated on an average speed of about nine knots.

476. Is that miles or knots, because it says "measured miles" in the return?—That is nautical miles; knots.

477. Will you state generally the number of officers and men who have been conveyed in that year, 1868–69; how many was each ship built to accommodate?—Each ship was built to accommodate 61 officers besides ladies; but during this last summer four of them, the four ships then at home, were altered to enable them to convey about 84 officers and their families.

478. How many men?—Each ship will convey 1,000 men with their wives and children. This year they are taking rather more than that, as it is found they can be properly accommodated without inconvenience.

479. Will you state what is the establishment of these vessels, officers, and crew? — I am speaking from memory, but the total I know is about 260 officers and crew. While the ships are running between Suez and Bombay the crews are supplemented by 38 natives who perform the duties of stokers and coal trimmers. I can give the exact number if the Committee wish it.

480. Are they officers of the navy?—They are all officers of the navy. They are in all respects Her Majesty's ships, being under the pennant, except that the pay and expenses are defrayed from Indian revenues instead of Imperial revenues.

481. They are all British navy officers?—Yes, they are not appointed specially for the service; they are part of the fleet; they are voted on Vote I. of the Navy Estimates, and the numbers remain on the vote, but the expense is taken off.

482. How long are they kept on that service?—As a rule they are superseded every three years.

483. And are the men also navy men?—Yes, they are part of the fleet.

484. And are they in the same way relieved by rotation?—Yes, as a rule the ships are what we call re-commissioned every three years; but during the summer the full complement is not maintained.

485. Have they any special pay for the service of these vessels?—Not now. While three ships were employed on the other side exclusively, the captain, for instance, had rather a higher rate of command money.

486. But now it is the ordinary rate of the British Navy?—Yes; the same as if they were not Indian troop ships, but ordinary troop ships.

487. And they have the same pensions, and so forth, as the ordinary men in the navy?—Yes; India has nothing to do with that at all.

488. Is the expense repaid to the Admiralty which is incurred in the paying of these officers and men, or is it paid direct without coming into the British Treasury?—Whatever can possibly be paid direct is so paid; but as a rule the wages and the pay of the officers are paid by the Admiralty, and then reclaimed by the Admiralty from India.

489. The Admiralty accounting for it as an extra receipt?—Yes, I believe so.

490. Is any sum paid by the Indian Government to the Admiralty in respect of the pensions of the officers and men employed?—None whatever; and India does not get the benefit of the saving on the half-pay.

491. What do you call the saving on the half-pay?—The half-pay of the officers who are employed on this service.

492. But it would appear that the half-pay is an extra charge, and that there would not be any saving therefore?—The number of officers, say captains, being 220 of the navy, if five of these captains are employed in these five ships, the Admiralty pays their pay, so that the half-pay vote of the navy is reduced to that extent.

493. But in order to employ five effective officers you have five on half-pay; it would seem that the five on half-pay are in addition to the five on effective service; you mean always assuming that the Admiralty have got more officers than they want?—Yes; that is, that the establishment of the navy is not increased in consequence of the service.

494. On the other hand, if the Indian Government were carrying on the naval service, they would require a greater number of officers than are actually employed, would they not?—I do not know.

495. You do not know what were the actual number of the officers afloat and not afloat in the Indian navy?—No.

496. You know the proportion in the British navy, I presume?—Yes.

497. Do you consider that the officers not afloat are a saving?—No; I think that while they are not employed they are an expense to the Imperial Government, but that expense is reduced to the extent of the half-pay of these officers who are thus employed.

498. On the other hand, in the case I have supposed, the Indian Government would have to pay the naval establishment for these transports, and they would have to pay, in addition to these afloat, a considerable sum for non-effectives?—Probably; but I am only speaking of what the actual fact is.

499. It

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499. In point of fact, the Indian Government only pays the actual wages of those actually afloat?—Yes.

500. Do you think that represents the real expenditure of the country in respect of the service, and that nothing else ought to be added for the pensions and the half-pay?—You mean what is called the dead weight of the navy; I should think not; one is considered as a set-off against the other.

501. You are aware of the account that was laid on the table last year, on the 23rd May 1871, showing the working for one year, the season 1868–69, of the Indian troop service?—Yes.

502. Did that contain every possible item of expenditure, except that which I have just been speaking of, in connection with the service?—Yes, with the exception of some expenses at Bombay, which have since been decided should be charged to it, which come to about 10,000 *l.*, in round numbers. I cannot state the exact sum, because I have not the means, but it may be taken in round numbers to be about 10,000 *l.*

503. Will that be the expense in connection with the dockyard service?—Yes, and the supply of stores there.

504. From the Government dockyard at Bombay?—Yes.

505. I observe in this account, I think, that three per cent. only was charged for insurance for the year?—Yes.

506. Can you state upon what information three per cent. is fixed as a sufficient rate of insurance for the year?—The Secretary of State for India decided that in all returns of this description, not only actual expenditure was to be inserted, but also what we call capital charges, and that being so, the Director of Transports consulted the secretary of Lloyd's, and asked him to be good enough to ascertain what the average rate of insurance would be, assuming that India, instead of taking the risk herself, went to Lloyd's or an assurance company and effected an insurance in the same way as a merchant would. The answer was, that the rate would be about five guineas per cent., less 7 *s.* 4 *d.* per cent. per month, while the ships were not employed. The course adopted then was to take the cost of construction and to calculate that at five guineas per cent., and to abate discount and allowance for commission, as is usual at Lloyd's, also to follow the same course with regard to the tugs and boats which are employed in Egypt, assuming that they lasted 20 years, and then to abate the return for unemployed time; and the net sum came to 31,355 *l.* I have the details here, but it is rather an intricate matter.

507. Upon that basis, however, the calculations shown in the account have been made?—Yes, I have in my hand a letter from Lloyds on the subject which I can read if the Committee wish it.

508. Under the new system of through voyages, what do you expect will be the saving from the expenditure shown on this statement of account?—I cannot say exactly what it will be, but it will be considerable.

509 Can you state what item of the account would be saved?—There would be a considerable saving, we hope, in the expenses of repairs, as the ships will now be repaired at Portsmouth, instead of at Bombay, and the working expenses generally will be less, inasmuch as all articles will be supplied to the ships at home.

510. You mean the stores of the ships?—Yes. There will also be a considerable saving on the victualling of the troops, as the ships now start from Portsmouth with provisions on board, except fresh supplies, sufficient to bring them back to England again. There will also be a considerable saving in the messing of the officers, as similarly the supplies will be put on board, having been obtained in England, and few purchases will be made abroad. And there will be a considerable saving on the establishment in Egypt.

511. From this account it appears that the "Railway transit charges for troops in Egypt" are 20,000 *l.*?—Yes, 20,426 *l.*

512. And the "Wages, coals, &c., for tugs and boats in Egypt," 3,600 *l.*, and the "Expense of establishments at the Admiralty in Egypt, &c.," 14,000 *l.*; for those you would have to substitute a tonnage duty, I suppose, on the vessels?—On the whole, the actual expense paid in Egypt for the ships going through the canal will be about the same as it was for transporting the troops by the railway. I should have said that there will be a considerable saving, too, in the item of coals.

513. A vessel will carry her coals out?—In going out she will get her supplies at Portsmouth, which represents a value of, say, 18 *s.* a ton; at Malta of, say, 28 *s.*; and at Port Said of 33 *s.*; taking in as small a supply as possible at Bombay at the price of about 46 *s.*; whereas before, three of the ships working on the other side received their coal at Suez and Bombay at the average price of about 46 *s.*

514. Do the vessels take out any stores for the Government?—Not as a rule; the stowage space is fully occupied, as a rule, by the stores and provisions for the ships; but occasionally they do, as in an instance recently, when a large quantity of ammunition, which was required for service in India as soon as possible, was taken out.

515. Have the ships been surveyed recently, do you know?—They were all examined during the summer; each ship was in dock at Portsmouth during the summer, except one, which was in dock in November.

516. Have they been found to wear well or otherwise?—Thoroughly well, as far as the reports go at present.

517. They exhibit no signs of deterioration?—No, none whatever. The ships are docked, as a rule, on their return to Portsmouth, and their bottoms are then recoated.

518 Have you got any summary later than this account of 1868–69?—We have some, but they are not completed.

519. (To Mr. *Seccombe*.) Can you explain why it is that the account is so much in arrear, because we are now in March 1872, and we have only this account up to the end of 1869?—The Admiralty drew the attention of the Secretary of State in January 1871 to the necessity of being furnished from India with better information than they were, up to that time, furnished with, and the Secretary of State wrote to the Governor of Bombay, on the 29th of January 1871, requesting the information according to certain forms then transmitted. To a certain extent the requisition was complied with, but imperfectly, and it became necessary to write again on the 31st of January last, drawing the attention of the Government of Bombay to the insufficiency of their statements, and requiring them

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them to be furnished in a more complete form, and that has been the cause of the delay.

520. Do we rightly understand that it takes a year still, as it did some years ago, to get an answer to a letter from India?—The Bombay Government necessarily required time to prepare the accounts, and did not send them to this country until the 8th November 1871. Being imperfect, the defects were pointed out in the Secretary of State's Despatch of the 31st January 1872.

521. (To Mr. *Richardson.*) At what stage would the accounts for the year 1869–70 be in?—They are waiting for these returns which have been called for from India. As soon as these returns arrive from India they will be completed.

522. (To Mr. *Seccombe.*) What prevents the Indian Governments from making up the returns at once?—There ought to be no delay in doing so. They seem in some way to have misapprehended the intention of the forms that were sent out, and therefore they prepared the statement in an imperfect form instead of in a complete one.

523. (To Mr. *Richardson.*) Perhaps you will give the total of the expenditure, and the results of the working for the year 1868-69; what was the number of officers and men conveyed?—This return gives the detail of all officers conveyed, and their families, and also of the men; making a total of 17,657 persons, or 16,596 adults, with an average for each voyage of 1,106.

524. That is arrived at by converting children into adults?—Yes; considering two children as equal to one adult.

525. And what was the whole cost of the service?—The actual money cost to India, with the exception of the item from Bombay, alluded to just now, was 304,275 *l.*, being the 318,647 *l.* at page 6 of the Return, less the 14,372 *l.* received from the Imperial Government as contribution for depreciation and insurance on the two ships employed in Europe.

526. Why is that deduction made on those two vessels?—The Admiralty pays India that sum; India taking the risk of the insurance.

527. Sir *S. Northcote.*] Since the opening of the Suez Canal all the five ships will be on the same footing in point of service, will they not?—Entirely.

528. Then, were any alteration to be made in the arrangements with the Imperial Government?—That is now under consideration; a correspondence is now passing between the Secretary of State for India and the Lords of the Admiralty on that subject.

529. What is the precise nature of the present arrangement?—At present the Admiralty have the entire management of the two ships, "Serapis" and "Crocodile," and India pays three-fifths of the wages and expenses of those ships; she also pays three-fifths of what was estimated to be the annual cost of their repairs.

530. And with regard to the other three ships?—India bore the entire expense.

531. With regard to the use to be made of the ships when the troop service was not going on, what was the arrangement?—The two ships on this side of the Isthmus were entirely at the disposal of the Admiralty. The three ships in India were at the disposal of the Governor General of India in Council.

532. Is it settled now at whose disposal the ships will be, or is that under discussion?—It is still under discussion. The three ships will still of course be at the disposal of the Secretary of State for India.

533. You say "of course;" is it a matter of course?—Being entirely the property of India, the Admiralty have no control over those ships.

534. But in the event of a revision of the system consequent upon the opening of the Suez Canal, is it not under consideration whether that arrangement should be maintained?—The correspondence going on between the Secretary of State for India and the Admiralty at present is on the question whether the two ships, "Serapis" and "Crocodile," should not revert to India, and become Indian property, the same as the other three, so that all five ships should be alike.

535. Then the charge of the whole five would be thrown on India?—Yes.

536. Then the effect of this new system would be to relieve the Imperial Government and to add to the expense of the Indian Government?—It would to a certain extent; but perhaps Sir Thomas Pears can answer your question better.

537. (To General *Pears.*) What use have the Indian Government made of these troop ships besides for the service of conveying the troops?—I am not aware that they have made any use of them at all; they have required them, after the close of the season, for repairing and docking in Bombay, and it was not a season of the year when they could be generally made available for the movement of troops.

538. Do you see your way to their being of any great use to the Government of India at that season?—No; but they will be of use, it is expected, very frequently to the Home Government. Those two ships were reserved for employment by the Home Government during two-fifths of the year; and they employed them every year until last year, when, from the number of troops that had been withdrawn from the Colonies, they did not happen to require them; but we shall have four or five ships always at home during five months of the year; and it is expected that they will be made use of, and their services paid for by the Imperial Government.

539. Then, whenever they are employed by the Imperial Government, payment will be made to the Indian revenues by the Imperial Government?—Yes.

540. (To Mr. *Richardson.*) Do you consider that it will be necessary to continue to employ the five ships for the service?—It will depend on the number of troops. This year the number of troops is estimated to be sufficient to employ fully five ships.

541. That number being the same as in previous years?—It is rather larger this year. In previous years it had been necessary to convey some surplus troops that the troop ships could not convey, by merchant steamers; but this year the five ships have been enabled to convey the whole of the troops.

542. Will the voyages be more frequent than they were?—Not on the whole; but there is this difference that, before it was necessary to have three ships on the other side to do the work which two could do here; and so it was possible only to make eight complete voyages to India and back.

543. How many complete voyages will be made now?—Ten; two for each ship, the service beginning early in October and ending early in April.

544. Will

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544. Will it be necessary to have 10 voyages for carrying troops who used to be conveyed in eight voyages?—No, four ships will be able to do that.

545. Then, assuming the number of troops to be on the average much the same as it was before the Suez canal was opened, should not four ships do what five ships did?—Yes, four ships now would be able to convey just the same as five ships did.

546. (To Mr. *Seccombe.*) In this item of 264,926 *l.* set down for the "Indian troop service" for the year 1870–71, are any capital charges included?—No, those are only the actual disbursements from the India Office Treasury.

547. That includes in fact the expenses of the troop ships, the victualling of the troops, and the miscellaneous expenses?—All the services certified by the Admiralty on that account.

548. Are they the same items which in the Session season of 1868–69 amounted to 320,000 *l.*?—Of the same nature.

549. But they were intended to cover the whole of those charges and no other?—They were.

550. And is any allowance made for any repayment from the Imperial Government?—Any repayments are credited in the statements furnished by the Admiralty.

551. Sir *C. Wingfield* (to Mr. *Richardson*).] You mentioned, did you not, that in the year 1868–69, there were about 10,000 *l.* expended in India on this head?—No; what I said was that the expenses in India would be increased to the extent of about 10,000 *l.* This sum of 318,647 *l.* includes all that we were then aware of as being applicable to this service. I wish to draw a distinction arising from the fact of this being a statement and not an account. We have not been in a position to render an exact account.

552. (To Mr. *Seccombe.*) Do all expenses incurred in India on account of transport appear in this statement?—Yes, so far as they are enabled at the Admiralty to make them up.

553. There is also some expenditure in India?—Yes, always. (Mr. *Richardson.*) This includes very large sums for expenditure in India. (Mr. *Seccombe.*) It is especially to remedy that defect that the Secretary of State called the attention of the Government of Bombay to the subject, and sent out forms.

554. (To Mr. *Richardson*) You say that these ships are capable of going 14 knots an hour, and that they only go at the rate of nine?—It is put down in this return as the speed attained at the measured mile.

555. What is the difference between the speed they are capable of, and that at which they are worked?—They sometimes now go at 11 or even 12, at other times they only do six or eight; it depends upon the weather.

556. You do not work then at anything like their speed?—Not their full speed.

557. Is it not the case then that you pay for an expensive class of vessel to go at a great speed when you do not require it?—I do not think that any steamer is driven at her full speed as a rule; there are times when it is absolutely necessary to do it; for instance, when there is illness on board, but not as a rule, for of course the expenditure of fuel increases very largely.

558. You are aware that by recent improvements in engines, there has been great economy effected in the consumption of fuel; has that been carried out in these ships too?—The engines have not been altered in principle since they were built five years ago.

559. It is within the last five years, is it not, that these great improvements in engines have been effected?—Yes, quite so; and in one of the ships where the consumption is large, the matter is under consideration.

560. Therefore the consumption of coal in these vessels is on the old scale, which prevailed previous to the improvements in the engines?—They contain the improvements which were known up to the date when they were constructed five years ago.

561. Therefore their consumption might be much less if the recent improvements had been introduced?—Quite so; but there would have been the expense of substituting new engines for those which are not worn out.

562. Do these ships take troops to and from Malta?—They call at Malta.

563. But do they never take troops for the garrison at Malta out, there and back?—Yes, they have taken a regiment in exchange, they have taken a regiment from this country to Malta, and embarked another regiment from Malta for India.

564. Do they ever undertake the reliefs between this country and Malta simply?—I cannot say how the "Serapis" and "Crocodile" may have been employed during the summer. If there were reliefs requiring conveyance, they would probably have been employed on that service; but I have nothing to do with that.

565. If the whole cost of these vessels should be charged to India, then of course the Imperial Government, if it did employ them in effecting reliefs between Malta and England, would have to pay for that service?—Yes; at the present moment one of the ships is employed in effecting reliefs at the Imperial expense between Malta and Gibraltar.

566. Mr. *Cross.*] Do I rightly understand that the figure, at page 6, of 430,000 *l.* "grand total of working expenses and charges," is simply a statement, or is it an account?—Entirely a statement from beginning to end based on the best information of accounts that we had at the time it was made up.

567. This I see is in continuation of a former Parliamentary Paper, No. 471, of Session 1867–68?—Yes.

568. Was that simply a statement in the same way?—Quite so.

569. Is there no period at which we can come to actual accounts?—I think not. (Mr. *Seccombe.*) There has not been a complete account up to the present time.

570. *Chairman.*] The expenditure in respect of any working year for the purposes of a statement of the account would run into three years, would it not; the actual expenditure and receipts would go through more than one year?—In this account which is before the Committee now, in which that single item occurs, it represents the expenditure incurred in this country in that year. In regard to the statements prepared at the Admiralty, so far as the information which they were in possession of would enable them to do so, they prepared a statement approximating as nearly as possible to an actual account of the year's transactions.

571. (To Mr. *Richardson.*) That is the statement drawn from the actual cash accounts of the

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Government, which cash accounts will probably extend beyond the period for which the statement was made?—Quite so; but any sum in those accounts which did not apply to this season would be eliminated from them.

572. In order to bring within the compass of one year the whole of the expenditure and receipt of that year, this statement is drawn from the cash accounts of the Government?—Yes; to the best of my belief this statement will be confirmed, with the exception of a few thousand pounds, one way or the other, by the accounts when audited.

573. Mr. *Cross.*] Is there never any audited account of the cost of these regiments at all?—That is the account to which the financial secretary has alluded as now undergoing preparation.

574. There never has been one hitherto?—Not hitherto.

575. Mr. *Birley.*] Can these ships take in enough coal at Port Said to last the whole voyage to Bombay?—Yes, and more; they arrive at Bombay with about 400 tons on board.

576. How many tons a day do they consume?—This season some of the ships are consuming from 33 to 40 tons a day.

577. You keep a depôt at Aden, I suppose?—The ships do not call at Aden; the first two seasons they did.

578. Mr. *Dickinson.*] Do you do the reliefs between Aden and Bombay?—When necessary. The "Serapis" has lately taken a regiment from Bombay and landed it at Aden, and there taken on board another and brought it to England.

579. What is the length of the voyage from England to Bombay for troop ships?—About 34 days.

580. And how many voyages does a ship perform in the course of the year?—Two complete voyages, allowing a fortnight at Bombay and three weeks at home.

581. How are the troops sent to China, and the Mauritius, and Ceylon?—I do not know; not by this conveyance.

582. This means of transport is not made available for British troops going to Mauritius, Ceylon, or China?—The ships have not been hitherto employed for that purpose, but at the end of this season the last ship leaving Bombay will come *viâ* the Cape, bringing invalids and calling at the Mauritius and the Cape for any men that may be awaiting conveyance to England.

583. I understand that now three of the ships are the absolute property of the Indian Government?—Yes.

584. And it is proposed to make all five so?—Yes.

585. These five ships belonging to the Indian Government will be maintained in England, the English Government being the agent as it were of the Indian Government for the purpose?—Yes.

586. (To General *Pears.*) Would it not be a better plan for the English Government to maintain their ships and charge so much a head for the work done, as any other contractor would do, they being contractors, in fact, in this instance?—The work of managing these five ships is not done by the Imperial Government. In fact, the Director of Transports is placed at the disposal of the Secretary of State for India, so far as it is necessary for him to conduct under his orders this service; it is not the Admiralty that does it; the Director of Transports, who holds an office under the Admiralty, is permitted to perform this duty under the orders of the Secretary of State for India.

587. *Chairman* (to Mr. *Richardson*).] What arrangement have you made with reference to the expenditure; will the Admiralty in the first instance incur the whole expenditure out of the Parliamentary Vote, and take the whole sum which they receive from the Indian Government as an extra receipt, or will the Admiralty make the expenditure of money supplied by the Indian Government without passing it through the expenditure of their own department?—The expenditure as far as possible will be paid direct out of Indian funds; but certain items, such as wages, and provisions supplied by the navy, will first of all be paid out of Imperial funds furnished by the Navy Votes and re-claimed of India.

588. The result will be that the Admiralty will be making considerable expenditure of moneys supplied by the Indian Government without being subject to the ordinary process of its expenditure being audited as part of the Admiralty account, and passing through the Parliamentary Vote?—I cannot speak positively as to the detail of the Admiralty proceedings in the matter; but as regards India, it will all be audited by the auditor of the India Office eventually.

589. (To Mr. *Seccombe.*) Then the Admiralty will have double expenditures going on, and who is to bring the two expenditures into one account; because, according to that you would have one expenditure audited through the Parliamentary Votes by the English Audit Office, and another expenditure audited by the Indian auditor?—The Director of Transports will bring them to account; but the auditor of the India Office will be unable to audit the expenditure to which Mr. Richardson has just referred, which can only be audited by the Imperial auditor.

590. There is no audit of the whole account, therefore, but it is audited in two parts, each auditor not having any knowledge of what the other is auditing?—Evidence will be produced to the Director of Transports that the expenditure has been incurred by the Admiralty, but the audit in detail of that expenditure cannot be made on the part of the India Office.

591. It will be so that each auditor will have no official knowledge of the accounts which have come before the other auditor?—There would not be an audit of the account in detail by any single authority. That is a defect which they have seen from the first, and Sir George Jameson repeatedly represented it as a defect; but apparently it is not practicable to remedy it.

592. (To Mr. *Richardson.*) Is not it a departure from the system on which the expenditures of the Admiralty and India Office are carried on, that there should be two expenditures going on?—It may be so; but I will put a case: The pay and wages of the officers and crews of the ships are first defrayed by the Admiralty, the same as for any other of her Majesty's ships; that is audited in the ordinary manner, the same as for any other ships; it is then claimed by the Accountant General of the Navy from India, through the Director of Transports, who examines it to the best of his power, and he renders an account of that to the Secretary of State, who then audits it as he does the whole of the remaining expenditure for the service.

593. But

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593. But then the audit that is made, as I understand, is this: If you perform a service for a foreign Government, you pay that expenditure first out of the Navy Votes, and then you receive all the cost of that as an extra receipt; is not that so?—Yes.

594. So that the auditor of the accounts of the navy audits that expenditure in relation to the general expenditure of the navy?—He will do so, I presume, in regard to this expenditure.

595. Will that be so if it is paid direct by money received from the India Office, instead of being paid, in the first instance, out of the Navy Votes, and recouped as an extra receipt?—There is a certain part of the expenditure which is incurred by the Admiralty, at the Admiralty; these ships are Her Majesty's ships in that sense; but the great bulk of the expenditure is paid for out of Indian revenues direct, and therefore audited by that department.

596. The question is with reference to the answer which you gave to the honourable Member, that the whole of this expenditure would now be carried on by the Admiralty for the whole five ships starting from Portsmouth?—It is hardly correct to say that the whole expenditure is carried on by the Admiralty; it is only a part of the expenditure that is carried on by the Admiralty, inasmuch as the remaining expenditure is carried on by the Director of Transports, acting in that case on behalf of the Secretary of State for India.

597. Mr. *Dickinson* (to General *Pears*).] A public servant of the Admiralty is, in fact, handed over to the India Office for this purpose?—He is not wholly handed over; but we have some portion of him.

598. Do I rightly understand that the *matériel*, if I may say so, of the transport service belongs to the Secretary of India in Council, and the *personnel* to the Admiralty?—Yes.

599. As regards the repairs which are to be done in future in this country, they will be done at the royal dockyards?—They have been hitherto.

600. And will be in future?—Well, I imagine that is not quite decided; it may depend upon the charges which are made in the dockyard.

601. If repaired in this country, they must be at the royal dockyard, must they not?—I am told not; but I am not well versed in the history of the other dockyards, the private dockyards. I understand that it is not absolutely necessary.

602. These officers and men that are commanding and serving in the Indian troop ships, which are the property of the Indian Government, are, in truth, not in the service of the Indian Government, but in that of the Home Government?—They are in the pay of the Indian Government, but the Admiralty retain a hold on them, and they are entered in the Navy Votes.

603. Supposing a ship to be lost, it is the property of the East India Government that is lost by the servant of the Home Government?—If lost by him, it would be said to be lost by him if it was his neglect, I suppose; but in that respect these officers of the navy are somewhat similarly placed to the officers of Her Majesty's army who are serving the East Indian Government in India; they are in a very similar position.

604. No; all the troops in India are under the immediate control of the Governor General in Council, are they not?—So are these ships under the immediate control of the Government of India; but then the troops in India are Her Majesty's troops, and they are, in matters of discipline, under Her Majesty's regulations, just as the officers of these ships are.

605. *Chairman*.] The expenses of all the officers and men of the army while in India are paid by the Government of India?—Yes.

606. Mr. *Dickinson*.] These men are paid in the usual way by the Admiralty?—Yes.

607. *Chairman*.] Could you state what the objection is to the Admiralty performing the entire service and receiving remuneration for that service as an extra receipt, or what is the objection to it in connection with the new system by which all these ships are to be sent from England?—We bear all the cost of the relieving of troops between England and India, and I think it is quite natural that we should feel that it is likely to be an advantage to the Indian Government to keep it in our own hands

608. Supposing you paid the Admiralty for the yearly naval services, having two or three years to form the estimate upon?—I think we might be liable to disappointment as to the regularity of the working. Circumstances might arise, and probably would arise, which would interfere with the regularity of the service.

609. Has that view of the subject been considered, and has it been considered impracticable?—I am not aware that it has been considered at all.

610. Mr. *Hermon*.] I see there is an item charged here of 401 *l.* 16 *s.* 10 *d.* for "Freight, &c. from India of unserviceable military stores;" do you know anything about that?—I am afraid I cannot answer that question.

611. That is charged to the Indian Government for the freight of these stores which I believe are returned from India to England, these stores having been previously charged to the Indian Government by the English Home Government?—Most likely; they may be stores procured in India, but most likely not.

612. (To Mr. *Seccombe*.) Seeing that a very large sum is paid for the freight of stores, there must have been a considerable amount of stores returned to England from India; does the Indian Government get credit for those stores which they return as unserviceable?—Yes; on the other side of the account you will see "Receipts on account of sales of stores."

613. All these are unserviceable stores?—I apprehend that these were stores sent home under the impression that they would be more advantageously disposed of in this country than in India. The freight was paid and the stores sold, and the amount would be included in the item of 13,924 *l.* on page 2 of the Account. The director general of stores will give an explanation of that when he comes.

614. Mr. *H. Burke* (to Mr. *Richardson*).] I think I understood that three of these transport ships are the property of the Indian Government, and that there is some prospect of their acquiring the other two?—Yes.

615. Have any arrangements been made towards that, or is it merely in contemplation?—It is merely in contemplation. Perhaps General Pears had better answer that question. (General *Pears*.) I have always been under the impression that all five ships are the property of the Government of India. They were built and paid for under the Government of India, but under certain

tain arrangements the Admiralty reserved to themselves the right of employing two of them for two-fifths of the time; but now we want to arrange that all five shall go and come by the Suez Canal. We have a proposal under consideration to cancel the arrangement then made, and, I will not say to bring the other two ships into our possession, for they are already so, but to bring the whole five ships into our control for the whole year.

616. Mr. *Fawcett* (to Mr. *Richardson*).] I understand you that these five ships were paid for by the Indian Government?—Yes.

617. Can you tell me the amount spent for that purpose?—The amount was 1,173,752 *l.* That includes the cost of tugs, the cost of the troop ships was 1,093,702 *l.*, being the two first items at page 6.

618. *Chairman.*] That includes the three ships placed in India?—Yes.

619. Mr *Fawcett.*] I understand the five ships have been paid for?—I am speaking of the cost of the five.

620 In the annual account, for instance, take the account for 1868–69; in estimating the cost of transporting the troops, what amount is charged as interest on the money thus expended?—Interest was calculated at the rate of 5 per cent. on this capital cost.

621. Is that put down as an item in the accounts?—Yes, at page 6; 53,693 *l.* is put down.

622. Do you think, considering that the Indian Government has to borrow money at 4½ per cent., and that a ship only lasts so many years, 5 per cent. is enough?—Independently of that, a sum of 4 per cent. is put by for replacement of capital, it being estimated that the ships will last 25 years, and at the end of that time India will have the ships, which of course will even then be worth something.

623. You stated that in the course of the year 17,000 troops odd were taken, at a cost of how much?—17,657 (of which number 13,157 were troops) were conveyed at a cost of 304,275 *l.*

624. This arrangement, as I understand it, seems to me certainly very unfair, because these ships are absolutely the property of the Indian Government; they pay everything for them, and they pay the wages of the seamen, and do everything for them; and the English Government reserves to itself the right of having the use of them for two-fifths of the year?—India only bears three-fifths of the expense of the two ships which, when the service was established, were employed in Europe, and three-fifths of the expense of repairing them.

625. As to the other three ships, does not the same arrangement apply that the English Government has a portion of the service of them?—No, they were exclusively kept in India at the disposal of the Indian Government.

626. Now all the ships are in England, that arrangement, I suppose, will apply to all the ships, will it not?—Yes.

627. If India pays entirely for the cost of ships, and England has a certain portion of their use, why should not England contribute *pro rata* to their original cost?—It is right for me to inform you that when the question of the conveyance of the troops by the overland route was contemplated, an agreement was entered into between the two Governments by which the two ships which were to be employed on this side of Egypt were to be at the disposal of the Secretary of State for India for three-fifths of the year, and for two-fifths of the year at the disposal of the Admiralty, the Admiralty bearing two-fifths of the cost of the wages and the wear and tear of the ships at that time, and also paying for depreciation and insurance.

628. That does not at all answer my question. Here are certain ships which have been paid for entirely by the Indian Government; England has the use of them for two-fifths of the year, paying only two-fifths of the wages and two-fifths of the repairs, but England does not contribute two-fifths of the original cost?—No; that was part of the agreement. The Admiralty agreed to pay a contribution towards replacement of capital, that is to say, for depreciation, and also for insurance. It was a matter of detail of arrangement between the two Governments, so that the results should be fair to each.

629. I want to show whether it was fair or whether it was unfair. It seems to me unfair to India. On what ground did England not contribute two-fifths of the original cost, as she had two-fifths of the services of the vessels, if she wanted to act fairly to India?—She contributes two-fifths of a sum which is equal to the replacement of the capital.

630. She contributes two-fifths to wear and tear, two-fifths to repairs, and two fifths to the wages of seamen; but still my point remains, that having the use of these two ships absolutely for two-fifths of the time, she does not contribute anything to the original cost; why is that?—She does so in the shape of replacement of capital. She contributes a sum towards enabling the India Office at the end of 25 years to build two more ships.

631. But why did she not, as well as contributing her *pro rata* share to the repair fund, and the wear and tear fund, also contribute her quota to the original cost?—I am not in a position to answer that. The whole question formed a subject of correspondence between the two Governments, which was printed in Papers laid before Parliament in 1866, I think.

632. But supposing it were the case of two merchants, A and B, would you think it was fair if A paid entirely for a ship and B had the use of the ship for two-fifths of the year?—No; perhaps not; but, as I say, part of the agreement was that India should be recouped annually a sum which would enable her to build two more ships.

633. But still, putting that point of wear and tear aside, suppose there were two merchants, and A paid entirely for the cost of the ship, and B used it two-fifths of the year on the condition that he simply contributed a *pro rata* charge to the wear and tear fund, that would not be a fair arrangement, would it?—Not if that were the entire arrangement; but that was only a part of the arrangement in this case, inasmuch as the Admiralty agreed also to pay towards the replacement of the ship at the end of the 25 years.

634. Where is that item entered?—Under "Replacement of capital." This account shows a sum "towards replacement of capital, 4 per cent. on the capital cost, less proportion of estimated value of the troop ships for breaking up at the end of 25 years," 41,000 *l.* "For interest on unredeemed capital, at 5 per cent.," 53,000 *l.* The Admiralty contribution of two-fifths for depreciation and insurance of the two ships, or 14,372 *l.*, is abated at the end of the Return.

635. Where

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635. Where is it shown in the account what portion of that amount is contributed by England and what by India?—This statement does not show that.

636. Is there any published account which does show that?—Not at present. This statement shows the cost which it is presumed will devolve on Indian revenues for this year; it does not state at all what the cost to the Imperial Government is.

637. Is there no account laid before Parliament which enables one to get at this fact, what amount is contributed by the English Government?—No, that account would have to be given by the Admiralty. The whole of the correspondence relating to the agreement between the two Governments was printed by Order of the House of Commons on the 27th of March 1865, and forms Parliamentary Paper No. 159, which clearly brings out the points of the agreement between the two Governments.

638. Sir *J. Elphinstone* (to General *Pears*).] I think you said that the Government of England made over these five ships entirely to the Government of India; are they not very expensive ships to be worked?—I am afraid I am not a judge of that at all.

639. (To Mr. *Richardson*.) What do you think on that point?—We do not consider them so for ships of that class

640. Can you furnish us with the calculation of the consumption of coal per horse-power?—That can be furnished, but it would be more proper that it should be furnished by the Admiralty.

641. You say that the consumption of coal is from 33 tons to 40 tons per day?—Yes; I am speaking of the consumption in steaming

642. When were these ships built?—In 1865 and 1866; they were launched, some of them in 1866, and some in 1867.

643. At that time high and low pressure boilers had been introduced into various lines, had they not; the Pacific line, for instance?—I believe so, but I am not in a position to give evidence on that point

644. Where can we get that evidence?—From the Department of the Controller of the Navy.

645. Because it appears to me that in handing those ships over to the Indian Government, they are handing over ships that really are of a much more expensive character than ships which the Indian Government could provide for themselves, that ships of that size could be moved at something like half the cost by the present improvements in steam-engines?—If you will allow me to say so (I am not speaking officially now), the consumption of 33 tons a day in these ships of 700 horse-power, is, I believe, only about the same as the consumption of some of the new steamers of the Peninsula and Oriental Company, the "Mirzapore" and "Pekin," which is about 31 tons a day; I am merely speaking from information which I have as one of the public.

646. (To General *Pears*.) I think you have a paper drawn up by the late Sir George Jameson on the subject which we have been going into; will you put it in?—Yes (*handing in the same*).

647. Mr. *Dalrymple* (to Mr. *Richardson*).] What is the nature of the charges for the passage of ships through the Suez Canal?—It consists of the tonnage charges on the tonnage of the ships, 10 francs on the nett register tonnage of the ships, and 10 francs on each individual conveyed, with the exception of children.

648. To whom are these charges paid?—The Suez Canal Company.

649. And is there any agreement between the Government of India at home and the Suez Canal Company fixing the charges?—No special agreement. The rate paid by these ships is the same as for other ships.

650. Mr. *Lyttelton* (to General *Pears*).] When did your system of conveying troops overland begin?—It was adopted to some extent during the mutiny, and then it was discontinued until the introduction of the troop ships. I think the first time troops had ever gone across by the Overland Route was during the Crimean War, and in one or two exceptional cases regiments were brought from India to the Crimea.

651. The great saving of time in the voyage is tantamount to an increase of the military force in India?—Yes.

652. I understand that the cost of conveying the men overland in one month is as nearly as possible the same as the cost of conveying them round the Cape in four months used to be?—Yes.

653. Can you point out generally why the overland charge is so very high compared with the former charge in proportion to the time occupied?—Precisely from the fact that I suppose you pay more for any improved means of communication; you pay more for the rapidity of movement and for the power which gives you that rapidity. On land or sea, I fancy you would pay more for going 20 miles an hour than you would for going five miles an hour on an old system. It is not a mere matter of keeping the men for that time; it is a matter of locomotion; providing the movement at a more rapid pace

654. Is there any explanation of that in the paper which you have just put in?—I do not think it is alluded to; merely the fact is shown that you convey a man to India by one route at the same price as by the other way, with the advantage of having it done in a month instead of in four months.

655. Mr. *Eastwick* (to Mr. *Richardson*)]. Can you say in what time the voyage might be effected for troops in case of necessity, supposing it were desirable to place troops in India as early as possible?—Perhaps in 25 days; I have not the exact figures before me, but in round numbers I should say in 25 days from England to Bombay.

656. Will you furnish us with that accurately afterwards?—Yes.

657. I suppose that this moderate rate of speed is partly owing to having to meet the monsoon on some occasions?—Yes; and of course it is a matter of economy, especially with regard to coal. If you go at 12 or 13 knots an hour, you increase your consumption of coal very largely.

658. Now these steamers are for five months of the year doing nothing, in fact?—That is so.

659. Is it known at all what average time they take for repairs?—I cannot say positively the actual time which would be required to repair each of these ships after she has performed her service for the season. The time occupied last summer could be given; but last summer was an exceptional case, inasmuch as the ships were being altered, so as to be suited to the Canal route, and the interior arrangements of the cabins were also being altered; the ships will not, however, all be at home for five months.

660. I should like to know what would be the

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average time for the necessary annual repairs?—That would be an Admiralty question; no doubt it can be furnished.

661. (To General *Pears*).] I want to know why they should not be utilised more than they are by the Indian Government and by the Home Government?—I think that is owing to the season in India. That particular season when they are laid up is not favourable for the conveyance of troops; during the greater part of it there is the south-western monsoon, and where the south-western monsoon is not prevailing in force, it is very hot weather. I have no doubt in some years their services will be required; but in ordinary cases reliefs of troops on the coast stations are not going on during that period.

662. But during that season they would be of use in this country?—Yes, I should think so; and they will all come home now for that season.

663. I suppose the accommodation for troops is very much better in those vessels than in any other transports we know of?—I believe it is very much better.

664. Will you state whether these vessels are built in such a way, that in case of war, they could carry guns?—They could carry light guns, I should think, but no heavy guns; but I speak under correction.

665. (To Mr. *Richardson*).] Could that question be answered?—Yes; that question could be answered by the Admiralty.

666. *Chairman.*] Can you tell me what was the cause of the great discrepancy in the consumption of coal between the vessels "Serapis" and "Euphrates," the one making 24,000 knots and consuming 5,500 tons, and the other making 17,600 knots and consuming 6,400 tons?—I cannot at the moment, I have not the details before me.

667. Do you know whether that matter has been investigated at all by the Admiralty?—Yes; the consumption of coal on board each of the ships is very closely investigated, and a comparison made between the ships, and the reason shown why the consumption of one ship is larger than that of the other. But I might say, generally, that the "Euphrates," during this time, was employed in India, where the consumption usually is larger; whereas the "Serapis" was employed in Europe, the coal at Portsmouth being newer, and generally better than that supplied at Bombay, which is necessarily of some age.

668. Do you know whether the coal was of the same character?—I cannot say positively whether the coal burnt at that time was.

669. Mr. *Eastwick.*] These are all screw steamers, I suppose?—Yes.

670. Mr. *Lyttelton.*] How much longer does it take to pass troops through the Canal than overland?—It takes rather a shorter time as a rule. The ships now, as a rule, enter the Canal on one morning and leave Suez on the next evening or the second morning.

671. I mean the whole voyage?—The whole voyage is about the same, from 30 days to 34 days.

672. Have the ships found no difficulty in passing through the Canal?—No practical difficulty.

673. Mr. *Fawcett.*] With regard to this payment which you say the Admiralty makes to the Indian Government, in the accounts there is an item put down of 41,000 *l.*, which represents a charge of 4 per cent. upon the original cost of the ships for wear and tear; but that appears to be paid entirely by India, and yet you say that the English Admiralty, because they use the ships two-fifths of the year, contribute two-fifths of the amount; where is that shown?—That is abated from this sum; this is the gross sum.

674. But where in the accounts is it shown that the Admiralty pays anything; if the Indian Government receives a large sum of money like this from the English Government, surely it must be entered somewhere?—It will not appear in the accounts at all; the nett sum will appear in the accounts of the Government of India.

675. *Chairman.*] The 264,926 *l.* I understand to be the balance, which includes all the sums payable by the Indian Government to the Admiralty, after deducting any charge or set off which the Indian Government is entitled to receive from the Admiralty?—Yes.

676. The item in the home accounts is 264,000 *l.*, but this paper we have been going on is a statement of accounts made up to exhibit the whole working of the system, all charges, whether borne by the Admiralty or by the English Government?—Yes.

677. Mr. *Fawcett.*] But suppose it is said that the Indian people have improperly to contribute to the cost of these ships; that the Admiralty uses them and does not contribute a proper amount for the repairs and original cost, how could you, or any one else, prove from the published accounts that that statement is not correct?—I can only speak as regards this statement. The way in which the account is rendered to the Secretary of State is for the gross sum, and from that is abated the sum which the Admiralty contributes, and India pays the nett sum.

678. But that statement rests entirely upon your authority; as far as any accounts that had ever been laid before Parliament are concerned, it would be absolutely impossible to prove to the Indian people that the Admiralty did contribute their proper share?—In this statement it is right to mention that there is an abatement of 14,000 *l.*

679. I should like a definite answer to my question?—I do not quite understand the question.

680. Then I will endeavour to explain it; is it possible, from any accounts which have ever been published, to prove to the Indian people that the English Government contributes any proper share to the expense of these ships which they use during two-fifths of the year?—Not at present, that I am aware of.

681. Do not you, as an accountant, think that it is eminently desirable that the accounts should contain statements which will enable us to prove that fact to the Indian people?—Perhaps so; but the Secretary of State for India renders the account to Parliament, and perhaps the Financial Secretary would answer that question more satisfactorily.

682. (To Mr. *Seccombe.*) Is not what I stated correct, that those accounts do not show that the English Government contributes anything to the original cost or to the maintenance of these ships?—It is important clearly to show the nature of the two accounts before us. One shows the payments and disbursements during the year to the Admiralty and to individuals on all accounts in this country, the other is a statement made up

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up by the Admiralty to show the general working expenses of the service. Hitherto the Admiralty has been unable to render a complete account for the reason that I gave before, that the information from India is imperfect; but whenever they render an account to the Secretary of State, they will give the proper credit for two-fifths of the year for the two ships.

683. Then what I am to understand is this, the accounts which we have received from India have been so imperfect that the Admiralty hitherto have been obliged to render so unsatisfactory an account that it is impossible to prove from the state of the account that the English Government has contributed its proper share towards these ships?—That implies more of censure on the Government of Bombay than I think they deserve.

684. I quoted your own words?—I admit that the forms sent to India by the Secretary of State in January 1871 were sent home imperfect, and that the Admiralty required others. To the extent of not clearly apprehending what was meant by those forms, the Government of Bombay must bear any blame. Steps have been taken to remedy the defect, and as soon as the complete accounts are received there will be no difficulty in the Admiralty making such a balance sheet as will show clearly what has been the expenditure, and also that the Admiralty has been duly charged with the sum which they ought to bear for wear and tear.

685. But still up to the present time (it is not my province to censure, but only to bring out the fact,) the accounts which have been received by the Admiralty from Bombay have been so imperfect that it is impossible to point to any account which shows that the English Government has contributed its proper share to these ships?—I think it is not at all necessary to have the information from India to enable the Admiralty to show that.

686. You seem to think that I am anxious to apportion the blame either upon the Admiralty or upon the Bombay Government; that is not my intention, but simply to bring out this fact, that, whether it is the fault of the Admiralty or the fault of the Bombay Government, it remains true that hitherto no account has been rendered, which shows that the English Government has contributed its proper share to the expenses of these ships?—No; that has been because the Admiralty, not having full information, has been unable to render a perfect account which would have shown that the due charge has been borne by the Admiralty for wear and tear.

687. I will put the question as simply as possible, without referring to the Admiralty or to the Government of Bombay; hitherto no statement of accounts has ever been published which shows that the English Government does contribute its proper share to the expense of these ships?—I admit that no such account has been published.

688. Sir *T. Bazley* (to Mr. *Richardson*.] When the Government of India pays three-fifths of the working and costs and charges, and costs of five vessels, and the Admiralty at home incurs the cost of two-fifths, what service do those vessels render to the Admiralty for the cost and charges borne by them?—They have been employed; and the way in which they have been employed has been, I believe, laid before Parliament by the Admiralty. I cannot speak positively, at the moment, as to their actual employment, but they have been employed during this last summer.

689. Are they generally employed year after year?—Yes; they have been to Canada, and to the Mediterranean, and they have been to the Cape. I cannot speak as to the details, but they can be given.

690. Sir *C. Wingfield* (to General *Pears*).] You told us what the sending out of the soldiers under the old system round the Cape cost; can you say what it would cost now; 100 steamers go through the Canal every month, and there would be no difficulty in sending them by some of these steamers, I presume?—You could find out what it would cost at the present time, but not what it would cost year by year.

691. Mr. *Eastwick*.] It would not be a fair comparison, would it, because the comfort and the health of the troops would not be consulted to the same extent in those private steamers?—They certainly would not be carried out with the same degree of comfort, but I think that a more serious objection would be the uncertainty. In time of war, for instance, the risk and the freight would rise very much, and I suppose the requirements of commerce might raise the charges. I think it is better that the Government should have its own means of transport.

692. Sir *C. Wingfield*.] I merely want to know what the difference of the cost is?—I think that Mr. Richardson can give that. (Mr. *Richardson*.) Some steamers were chartered last year to convey the surplus troops to India by the Canal, and the cost of doing so can be furnished.

693. Mr. *Eastwick*.] Is the great expense of these vessels owing to the fact that they are employed only seven months, and lying idle five months, during which time the pay of the crew and officers and other expenses are going on?—Some of the officers and crew are retained, the bulk of them are retained, so as not to break up the efficiency of the ship.

694. Could there be handed in a return showing not only what they have done for Indian troops, but also all the other work that they may have done, so as to show the total work done by them throughout the year?—That can be given by the Admiralty.

695. *Chairman* (to General *Pears*).] Will you give us the services performed for the 49,000 *l.* put down against "Passage of Officers and Troops"?—I have got a statement here which has been prepared, showing the rate per man, and the total. I will complete it and send it in another day.

696. What was the rate per man, taken through the Canal by those steamers?—The rates of the passage of 3,600 officers and troops on four steam vessels to India *viâ* the Canal, were as follows. one ship, 65 *l.* the officers, 22 *l.* 10 *s.* the men; another ship, 50 *l.* the officers, and 22 *l.* the men; another ship, 65 *l.* the officers, and 22 *l.* 10 *s.* the men; and the fourth, 60 *l.* the officers, and 15 *l.* 17 *s.* 6 *d.* the men; but there are trifling charges to be added connected with medical comforts, I fancy, or some things of that kind, which would add a mere trifle to each of the adults.

697. Then it would seem that the basis of 100 *l.* an officer is not very applicable to the present state of things?—No; that was in an estimate comparing the expense with what we used to pay round the Cape formerly.

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698. Mr. *Eastwick.*] What is this 65 *l.* an officer for?—The voyage from Bombay to England.

699. *Chairman.*] Really to test the cost of the present Government's plan of transport, it would be necessary to have the service performed on a considerable scale before you could fix the average cost?—Yes; the passages home are in some respects higher.

700. Mr. *Fawcett.*] Those figures show that it costs 60 *l.* to take an officer by private contract, against 100 *l.* under the present system?—Yes; but they are obliged to have an arbitrary mode of calculating that 100 *l.*, distributing the total cost of the ship between the officers and the men.

701. *Chairman.*] You put for the men 19 *l.* 10 *s.*, as against 22 *l.* paid by contract?—Yes; I suspect that the auditor assumed the 100 *l.* in the old case, and took that as the fair charge.

702. Mr. *Eastwick.*] Could you tell me whether these officers paid something themselves in addition?—I think we deducted, as we do now, the messing, so much a day.

703. Sir *C. Wingfield.*] I think that the Peninsular and Oriental Company will take people that voyage for 70 *l.*, and the Liverpool steamers for 50 *l.*?—Yes, I think so.

704. Mr. *Fawcett.*] Last time you said that you would describe the correspondence which took place with the Commissioners of Lunacy when they advised the purchase of Ealing Asylum?—I have the correspondence here.

705. Had the Government ever brought this before the attention of the Commissioners of Lunacy before they decided to incur this large expenditure; were they not aware, at the very time when they recommended this large expenditure, that owing to Mr. Gathorne Hardy's Act, the Metropolitan Asylums Act, there was certain to be a very large number of lunatics taken from the private asylums?—I am not aware what the Commissioners knew; but I shall be glad, if the Committee wish it, to read one of these letters from the Commissioners, which will show exactly the position we were placed in by their opinion, and what that opinion was. We had a great deal of personal communication with them; but we had quite sufficient in writing to show and place on record what their views were.

706. Perhaps you would read just one or two sentences of it?—After speaking about having been in communication with the proprietor of this asylum that was about to be vacated, the Secretary of the Commission goes on to say, "I am further instructed by this Board to convey to you their earnest desire and hope, that, whatever the result of the application to the railway company may be, the urgent importance may be impressed upon the Secretary of State for India of taking occasion of the present misadventure to endeavour to secure for the patients in Pembroke House (126 in number), some place to which, within a brief period they can be removed, and where they will not be exposed in future to what is now threatened. The Board are strongly of opinion that these patients should not in any circumstances, be dispersed, and it is at the same time their duty to point out that the pressure for asylum accommodation is at the present time so great throughout England that it would be almost hopeless to obtain room for so large a number in the existing asylums."

707. You said also, that you would kindly furnish the Committee with a statement of the numbers of officers who actually were in service in India, and the number of non-commissioned officers and soldiers, and compare that with the number of officers in England, or on their way to England, and the number of non-commissioned officers and soldiers also either in England, or on their way to England, for whom India was paying?—I sent over immediately after I left the Committee-room on Friday to the Horse Guards for that; I can only get it from them. I shall have it in a few days and will take care that it is laid before the Committee.

708. *Chairman* (to Mr. *Seccombe*).] We will go now under the heading "Non-effective," to the item, "Contribution from Indian Revenues, on account of Retired Pay, Pensions, &c., of Her Majesty's Forces serving, or having served, in India," 216,000 *l.*; will you be good enough to explain the nature of that charge?—That is the payment during 1870–71 on the basis of the capitation rate of 3 *l.* 10 *s.* per man, on the number of men in India, which was acted upon pending the consideration of the question as to the future charge to India on this account. A Report has since been prepared, and it proves that consequent on reductions in the army in India and at home, the half-pay list was greatly swelled in the year 1870–71, and the charge to India will in fact, instead of 216,000 *l.*, be 428,000 *l.*; that is, however, a very exceptional year, and for the following year the charge will probably be about 271,000 *l.*, still a considerable increase on the 3 *l.* 10 *s.* per man; but it was anticipated that such an increase must occur. The charge represents the proportion chargeable to India of the capitalised value of all pensions granted during the year.

709. Then would it be a varying ratio as well as a varying amount?—It will vary from year to year. It is arrived at by taking the number of officers and men pensioned during the year, ascertaining how much of their pensions may be due to India and to the Home Government respectively, and then capitalising the value of India's portion which India will then pay over to the Imperial Government.

710. That is the only charge relating to what you may call the Imperial troops serving in India under non-effective charge?—It is. There is another sum which Sir Thomas Pears will explain, "the charge to India for the cost of absorption of supernumerary ensigncies in British regiments," 23,000 *l.*

711. (To General *Pears.*) What is that charge?—That is a charge that has arisen out of a reduction that took place two years ago in the number of officers in such battalion, and as that reduction could only be effected by what is commonly called absorption, that is by letting men retire without promotion, it was necessary to find the money to pay for the purchase of the steps of men so retiring. When a lieutenant sells out, and we want to reduce the establishment by one lieutenant, and do not want to promote an ensign, we must pay the purchase-money, and that is the charge here. We gain in the end by reduction of the establishment.

712. Is the number of officers now serving less than it was?—Yes; and it is decreasing under this system. This has nothing to do with the abolition of purchase; it is merely buying them out to get rid of them.

713. These

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713. These two items represent the whole of the expenditure paid by the Indian Government to the Imperial Government in respect of the Imperial troops?—Yes; except the last item, which may be said to be connected with it.

714. You mean the item "Gratuities, equal to the values of their commissions, granted to officers of the late Indian regiments on their retirement from the service;" they were the old Company's officers?—They were; but they are now in the British service. It was considered good for them and good for the service that we should adopt in that case the rules which the War Office do, and if they have not served long enough for a pension, we give them a sum of money equal to the value of their commissions. That only applied to the officers who were in the East India service, and transferred their services to these new line regiments.

715. They would be assisted like officers of the line regiments, but they are put on a different footing from those who have pensions?—Yes; they are entitled to their pensions if they have served long enough. They do not get both pension and gratuity.

716. Mr. *Fawcett* (to Mr. *Seccombe*).] How is this sum adjusted; on what principle was it decided that you should pay this large amount?—The non-effective charge is the ascertained amount payable by India.

717. On what principle?—In regard to every officer and man who retires, it is ascertained what pension he is entitled to, and how much of his service was Indian service, and the amount of pension has been apportioned accordingly.

718. So that if he has a certain pension, and he has spent 10 years in India and 20 years in England during the whole amount of his service, England would contribute twice as much to the pension as India?—Yes.

719. Do you think that a fair arrangement?—Yes, I think it is a fair arrangement. It is, no doubt, a costly one to India, and we see with great regret that the amount is so high; but I do not think that there is anything but strict justice in it.

720. *Chairman.*] Have you made any calculation to convert the charge for dead weight for officers and men formerly serving the East India Company; I mean in respect of the East India Company's European regiments?—We have not made any calculation to see how that would stand, because the rates of pensions are widely different.

721. But still these are in substitution of that expense?—A considerable portion of them are; but on the other hand, the East India Company had 20,000 men for many years, and paid 60,000 *l.* as a non-effective charge.

722. The question of justice to India would be a comparison between the Government of India raising European forces of its own, and paying its own pensions, and the system which is now adopted?—Taking man for man, the pensions to officers under the East India Company would be higher, and the amount would be larger, I am afraid, in that way.

723. So that it is more economical to do it in this way, than it would be for the Indian Government itself to enlist European soldiers for local service and to pay the dead weight?—That is very doubtful, as there are many elements that would enter into a comparison of that kind.

724. Mr. *Fawcett.*] This charge is another indication, as I understand, that India is taxed with a military expenditure which she really has no power to control?—No doubt.

725. For instance, if the authorities of the Horse Guards and the War Office grant pensions on much too easy terms to officers after much too short service, a considerable portion of the expense is thrown on India, which she has no power of resisting?—Certainly.

726. Therefore you may say generally that the amount that India has to spend on military expenditure is, to a certain extent, at any rate, determined by the Horse Guards and the War Office, and is an expenditure which India has no power to control?—Yes. (General *Pears*.) The only power is in regard to the number of troops to be maintained in India.

727. But she has not the making of the regulations with regard to retirement and amount of pensions, those and the regulations of the Queen's army?—Yes.

728. (To Mr. *Seccombe*.) And therefore so far a considerable portion of this charge thrown on her is an expenditure which she has no voice in at all; is not that the case?—It is quite the case; the only power left to us is to see that we bear our fair proportion according to the regulations laid down by the War Office.

729. You will see that when a certain system is laid down, you bear your fair proportion, but you have no power to control the terms on which pensions shall be granted?—None whatever.

730. *Chairman.*] Your protection is, that you only bear the same burden which the people of this country bear themselves?—Yes.

731. Sir *C. Wingfield* (to General *Pears*).] As to this last item of "Gratuities, equal to the value of their commissions, granted to officers of the late Indian regiments on their retirement from the service," I understand that is merely the extension to those regiments of the rule in Her Majesty's service for allowing 100 *l.* a year for foreign, and 50 *l.* a year for home service?—Yes.

732. Mr. *Dickinson* (to Mr. *Seccombe*).] I should like to understand about this 216,000 *l.*; is it that all the pensions granted in a year are taken, and the Indian service of each pensioner calculated?—Yes.

733. And capitalised?—Yes.

734. And does that include the half-pay of officers?—Yes, it includes half-pay, India getting credit when any officer shall be taken from the half-pay list, and that is one of the reasons why in the following year we estimate so very considerable a reduction.

735. Does that represent the calculation for each individual pension granted during the year?—Yes, that is India's portion.

736. And good conduct money and all, I suppose, is included?—Yes, whatever may be the pensions.

737. Is that calculation made by an actuary?—Yes, by one actuary named by the Secretary of State for India and one named by the War Office; the principle having been determined, the actuaries carry it into effect.

738. What do you call the principle?—The principle that the charge to India should be determined by ascertaining the number of pensions granted, the proportion chargeable to India, the rate of interest to be used in the calculation, and the tables to be taken. Those having been determined by a committee, the actuaries were

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appointed to report what would be the amount to be borne by India under that arrangement.

739. Then I understand that for each individual annuitant of the year that calculation is made?—Yes.

740. Mr. *Eastwick*.] Do you mean to say that in this charge of 216,462 *l.* there is any element of half-pay; does India pay anything of that?—That is the payment made by the India Office in the year at the rate of 3 *l.* 10 *s.*, being the only data which we had before us; the charge for the year will be upwards of 400,000 *l.*, it being an exceptional year.

741. That is for pensions and retired pay, not for half-pay?—Yes, half-pay is included also.

742. But why should India pay for officers who go on the half-pay?—India bears its proportion of charge for that half-pay so long as the officer remains on half-pay, and will receive the equivalent value whenever he goes on full-pay.

743. It will be paid back?—It will be paid back in the account of the year.

744. Mr. *Lyttelton* (to General *Pears*).] Will India pay any share of the charge for the abolition of purchase?—No.

745. Then why does she pay for the absorption of supernumerary ensigncies?—Because she derived a benefit. It is only the absorption of the supernumerary ensigncies in India. The expense of the battalions is so much reduced, and it is a clear gain.

746. Can you tell to what extent she will be a gainer?—Two captains and four subalterns, I think, are reduced from each battalion; and as our pay is much higher in India than it is here, it will make a considerable saving. That reduction is going on slowly, and in order to effect that in the case of the men who retire by purchase, we must purchase their steps, as the War Office do at home.

747. Mr. *Eastwick*.] There are still 10 companies, are there not?—No, not in India; eight companies to each battalion.

748. Mr. *Dickinson*.] Do you pay any part of the gratuity granted to short service men?—Anything of that sort incurred while they are in India we pay.

749. Mr. *Eastwick*.] When was this alteration about the eight companies made?—In 1870.

750. *Chairman*.] The "Retired pay of officers of the Indian service, including colonels' allowances," is given as 754,000 *l.*; to what service does that apply?—Those are the pensions of officers of the Indian army who from time to time have retired from the service, and also it includes the pay of what are sometimes called the honorary colonels. It includes also medical and ecclesiastical establishments, which are all lumped up with the military.

751. Is this an item that will gradually diminish?—Yes; it has been increasing within the last few years by certain offers of special pensions that were given, in order to induce certain officers who were surplus to the requirements of the service to retire; and unless similar measures were adopted with the same view it will undergo diminution, and it is undergoing diminution now. In 1861 there were about 300 officers who accepted the offers of special pensions to induce them to retire, and that increased this amount very considerably; but since then, within the last few years, it has been perceptibly undergoing diminution.

752. Have you any estimate of the sum which it will fall down to as a permanent charge?—I am afraid that I have not got that estimate here. It was a prospective estimate for 30 years hence, made by General Hannington some years ago.

753. Will you have to pay, then, the pensions of the local staff?—Yes, which will be much less than it is now, but it will take many years to bring this down; we still have a good many officers in excess of the establishment.

754. Have all the rules and arrangements for the change in the system been now brought into force?—Yes.

755. There will be no further special grounds for pensions to add to this sum?—We have some difficulty in disposing of surplus and unemployed officers. The subject has been under consideration for some time, and I do not know what conclusion may be arrived at.

756. The question whether it will be more economical for them to be brought to this country?—The question of their disposal.

757. In regard to "Lord Clive's fund pensions," 131,478 *l.*, can you explain that?—Those are the pensions granted under the fund that originated, as is well known, in a donation by Lord Clive, and the capital of that fund a few years ago reverted to his heirs, but the grants under the fund are continued, out of which are provided pensions chiefly to soldiers, but also to officers and officers' widows. These pensions are continued under the old regulations of that fund by the Indian Government.

758. Do they consider that they are under a moral obligation to make these payments without reference to the state of the fund?—Yes; but the fact is that they were the only pensions provided for the soldiers of the local army; there were no other pensions; and therefore, of course, when it ceased to be properly called Lord Clive's Fund, still the Government were bound to continue the pensions to the non-commissioned officers and men of the local army, and they also continued them to the officers and their widows in small numbers.

759. Are these pensions given on the ground of poverty?—Yes; the widows are obliged to certify that they do not possess property beyond a certain amount.

760. Is this a permanent arrangement, or is it only the working out of those who have a moral claim on those pensions?—Well it is so far not a permanent arrangement that it will cease with the officers who were in the old Indian service; it does not apply to the staff corps officers, and the soldiers of the local army, as is well known, have almost ceased to exist.

761. There will be no new charge in that respect?—No.

762. This will gradually die out?—Yes.

763. Sir *C. Wingfield*.] With reference to this item of 754,000 *l.* "Retired pay of officers of the Indian service, including colonels' allowances," I understand you to say that it is diminishing?—Yes, certainly.

764. But is not this the item regarding which the Government of India sent home Minutes of General Broome and General Norman about two years ago, pointing out that it would very largely increase, and recommending in consequence some scale of pensions or grants to induce officers to retire with a view to diminishing the prospective growth of this item?—Yes, that is very true. I was mistaken in saying that it would diminish; but

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but I was alluding to the larger portion of it which is retired pay. The retired pay is diminishing; but that portion of it which constitutes colonels' allowances will increase, no doubt.

765. Their argument, I think, was that there is every temptation to a man, under the new rules, to hold on?—Yes, but they forgot that, if, the colonels' allowances increase, the retiring allowances must at the same time decrease.

766. General Hannyngton took a different view?—He showed very clearly that there were errors in their calculation, and that it would not be much above a half of what they supposed, and that was assuming that no officers retired in the meantime.

767. Still you would correct what you said before, that it is diminishing and will further diminish?—Yes, I would wish to correct that, because I was alluding to the retiring allowances. The retiring allowances in this item are about 600,000 *l.*; the off-reckonings 150,000 *l.*; and I was alluding to the retired allowances, which are undergoing diminution, and will continue to do so, but the element of the colonels' allowances will increase.

768. *Chairman.*] Will the increase be very considerable?—It is apprehended that it will.

769. Mr. *Eastwick.*] How much is that a year for each colonel?—It is something between 1,000 *l.* and 1,100 *l.*

770. Under the new system there is no limit to the number of colonels; it will be those that survive the prescribed length of service?—Yes, for all the officers who entered the staff corps prior to 1866. After that there will be an establishment of colonels with the colonels' allowance. But in the difficulties and embarrassments that arose in settling the grievances of the Indian officers, we were obliged to rule that all officers alike should attain to the colonels' allowances after a certain length of service, but that was only to apply to the officers then in the service.

771. Mr. *Cross.*] The retired pay of the officers then amounting to 600,000 *l.* will, in the long run, eventually disappear?—Not altogether. We have got liberal retiring rules; but as the number of officers in the service will be very much reduced, this retiring pay will be very much reduced also.

772. It will totally disappear, except so far as the local staff of India is concerned?—Precisely so.

773. At the same time will there not be another charge somewhere or other for payment of pensions to the British Army?—Yes, that comes under the non-effective charges which you have just been considering.

774. That will go on increasing?—I think Mr. Seccombe explained just now that it will not increase.

775. Mr. *Dickinson.*] Do you know the number of officers who may eventually become colonels with colonels' allowances?—It is very difficult to say, because it depends upon the number who retire in the meantime. I think it was estimated that as an extreme case it might reach between 700 and 800, but that was supposing that none retired; but we find them retiring pretty nearly as much as they ever did. I cannot say what it would come to, but that would be the outside, and it would be only for a time, and provides for all the old officers of the old Indian Army still hanging on to the service attaining to that position.

776. How many years' service entitles a man to a colonel's allowance?—Thirty-eight years now, for all officers who entered the service prior to 1866.

777. You do not know, perhaps, the number of officers existing who entered the service prior to 1866?—I should say it is about 2,700; but I have not the exact figures.

778. Sir *C. Wingfield.*] I think that the Government of India in their Minute on that subject, estimated that that item would amount to a million, did they not?—Very nearly, they said; but they had overlooked the fact, that in 12 years time a certain proportion of men would die.

779. Mr. *Eastwick.*] What was it that Colonel Hannyngton made it?—He made it not much more than half that, I believe; but I have not got his papers here, and therefore I cannot speak to the actual figures.

780. Mr. *Fawcett.*] In reckoning this large sum of 750,000 *l.*, and the amounts which we have previously investigated in regard to the non-effective service; have you ever arrived at a conclusion as to the amount that India is annually expending on military expenditure for services which, at the present time, are not received, not only for non-effective services, but for officers and men in England?—I remarked just now, that I had sent to the Horse Guards to get a statement for the Committee. As regards our own local service, it is merely the officers who leave and who retire; we could easily show what the amount of expenditure in that way is.

781. But even the items shown here (and I suppose they do not exhaust the whole statement), amount to something like a million and a half, do they not?—Yes; the furlough pay of officers of the Indian army is 469,000 *l.* just now, and the retired pay including colonels' allowances 754,000 *l.*, that is 1,200,000 *l.*; and then there are the "contributions from Indian revenues on account of retired pay, pensions, &c. of Her Majesty's forces serving, or having served in India," which Mr. Seccombe makes about 400,000 *l.*

782. So that at the present time India is paying 1,600,000 *l.* a year for officers who are rendering no service?—But for officers who have rendered service.

783. Still that amount in the military expenditure is for non-effective officers?—Non-effective charges.

784. That has nothing to do with the men?—No, not the two items first mentioned; but the "contribution from Indian revenues on account of retired pay, &c., of Her Majesty's forces," has a great deal to do with men.

785. Do you think, considering the large amount of these charges, that the army in India is over-officered?—I do not think that the British portion of it is; but we have at the present time more officers than we require in the Indian army, and it will take time to effect the reduction. On its old footing it required many more officers than on its new, and we have to reduce it from 4,500 officers to about 3,000 or less, which we require now; but that reduction must be a work of time.

786. In considering the question of expenditure, will there not be an important element on the other side, is not the expense of the army almost certain to increase in consequence of the rapid rise of prices going on?—I think in some of its elements it will increase; but we have not reason to anticipate a very large increase.

787. If you are to get the same sort of men to

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serve you, you must pay them more as prices rise, must you not?—But I think that our pay is sufficiently liberal in India for all classes to allow a margin for a long time to come.

788. Even in regard to other items, will there not be an increased expenditure; for instance, the extraordinary rise which has taken place in the cost of coals will affect the cost of transport, will it not?—Yes, I suppose it would; but with the rise of prices we often find some improvement in our machinery to counterbalance that rise, and we may hope to do so in that case.

789. Sir *D. Wedderburn*.] Is it not the case that many retired officers of the Indian service are anxious to receive a capitalised sum in satisfaction of all future claims for pensions and allowances?—I do not know that many of them are. We very rarely have an application from an officer to commute his pension; we always refuse it; it is not part of our system; it is contrary to rule.

790. Because I have understood that a very considerable economy might be effected under this very item owing to the desire of many India officers to receive a capitalised sum, and their willingness to accept a smaller sum than the real value of their expectations would amount to?—I have never had an application to that effect. I have had a few, but very few, from officers who wished to emigrate, or who from some reason of that kind wished to be allowed to commute their pension, but not at a reduced rate; and it is always refused at once.

791. Might not an economy be effected in that way, supposing it were not contrary to regulations?—I do not know that it would, because it never entered into our minds that men would be ready to accept anything less than the real value; but the question has never been discussed, and in all cases such an application has been refused at once.

792. *Chairman* (to Mr. *Seccombe*).] "Payments under the postal arrangement with the Lords of Her Majesty's Treasury," 132,000 *l.*; will you explain that item?—That was the amount advanced in the year on account of India's share of loss to be borne under the postal arrangement. It is stated in the account at 132,000 *l.*; we have recently had an account from the Post Office, which they had been unable to furnish at an earlier period, which shows that the actual loss to India, instead of being 132,000 *l.*, will, on that year, be only 69,000 *l.*; and indeed they give altogether a more favourable prospect as to the loss than we had anticipated; it would appear to be about 70,000 *l.* a year.

793. You will get the difference adjusted next year?—Yes.

794. On what principle is it that you pay a contribution to the loss under that postal arrangement?—The loss has been calculated upon the correspondence which goes to the different parts of India; to Ceylon, China, and Japan, and India bears its portion of the loss incurred.

795. That is charging all you pay for the contracts for conveyance and crediting all the receipts?—Yes; and apportioning the difference according to the correspondence.

796. What is the next item, "Subsidy to the Euphrates and Tigris Steam Navigation Company, on account of the mail service between Bussorah and Bagdad," 4,800 *l.*; is that a service carried on by the British Government?—No, it is paid under an arrangement with the Euphrates and Tigris Steam Navigation Company for conveying the mails between Bussorah and Bagdad, as supplemental to the agreement with the British Indian Steam Navigation Company, which carries the mails from Bombay to the Persian Gulf.

797. Why does that appear in the home accounts?—It is an English company, and the amount is paid here, the arrangement having been made in this country.

798. Does the company carry on its chief business here?—Yes.

799. Is that the reason why the contract was made here instead of being made in India?—Yes.

800. Was it made with the concurrence of the Government in India?—It was.

801. Mr. *Birley*.] How do you account for the difference between this charge of 132,000 *l.* and the 69,000 *l.* which you say is likely to be the definite charge?—We are very much in the hands of the Post Office in the matter; they furnish from time to time estimates of what they consider will be the charge, and they do not always render their estimates for a particular year. The payment in 1870–71 of 132,000 *l.* included a balance, and was more than was estimated as being proper to the year; but they had not been in a position to make the claim earlier, and therefore it had stood over.

802. Have you any means of checking the charges which they make?—They render an account, but we are quite in their hands as to the amount.

803. Mr. *Dickinson*.] Is this payment to the Euphrates and Tigris Steam Navigation Company in any way shared in by the English Post Office?—No.

804. Is there no correspondence that goes from England to Bagdad?—If carried by that company India would receive the British Indian rate, the correspondence being regarded as part of the Indian correspondence.

805. Mr. *Beach*.] It is a contract?—Yes, which expires in December next.

806. Mr. *Fawcett*.] On what principle is this charge adjusted; suppose the loss on conveying letters from England to India, or from India to England was 100,000 *l.* a year, what proportion would India bear?—The charge against India is assessed in proportion to the correspondence conveyed along the several sectional lines of the service. It was assumed that India and England would have an equal share of the correspondence conveyed on the line between Suez and Bombay, and the cost of that line is shared equally by the two countries. As regards the section between the United Kingdom and Alexandria, India would bear a smaller share of the cost, as the correspondence between England, Ceylon, China, and Japan is conveyed along the same line; and as to the line between Bombay and Galle, India bears a larger share, as the greater portion of the correspondence appertains to it.

807. But then, do I rightly understand you that in regard to conveying the correspondence to the East, England does not contribute anything to the loss so far as the correspondence to India is concerned; you simply reckon on the basis of how many letters are sent to Ceylon, Australia, and China?—The British Government not only bears its own due proportion, but I believe it bears also the proportions for Hong Kong, Ceylon, and Japan.

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808. What I meant was this, suppose that there was no correspondence except between England and India, what portion of the loss would be paid by England, and what by India, suppose Australia, China, and Ceylon did not exist?—I apprehend that it would be equally divided, because it is on that principle that the loss between Bombay and Suez is equally divided, inasmuch as no other territory is interested.

809. Do you know whether any estimate has been made with respect to the number of letters that pass between England and India, and the number between India and England, of the number addressed to Europeans and natives respectively?—No, I have never heard; the number of letters of course is ascertained.

810. Still that ought to be an element in adjusting the loss, ought it not?—I think that the principle adopted is equally sound, viz., that, without reference to the question whether letters are sent by natives to natives, or by Europeans to Europeans, India and England should bear equal proportions of the loss on the correspondence between Bombay and Suez.

811. Still if this luxury of sending letters at a rapid rate involves a heavy expense, and if that luxury showed this result, that nine-tenths of the letters were addressed by Europeans to Europeans, the people of India ought not to pay half of that, ought they?—That is a refinement into which I have not entered.

812. But do I rightly understand you that the same system continues here, that India simply receives an order from the English Post Office to pay it so much, and she has no power to question the charge?—In correspondence, the Secretary of State has called the attention of the Postmaster General to the great excess of charge above the estimate that was originally formed.

813. But still, for instance, if the English Government choose to make very extravagant contracts with the Peninsular and Oriental Company for conveying the mails, half the loss will fall on India, though she is not consulted in the matter when the contract is made?—I believe India was not consulted in this instance.

814. Therefore it is another illustration of the system that she pays for services which she has no power of controlling?—Yes; it is one of the instances in which it is so.

815. And to almost everything on which you have been examined the same remark applies, does it not?—It applies to effective and non-effective charges, as we are obliged to obtain our recruits, and to pay pensions upon the system which is laid down by the British Government; and in regard to both, there appears to be no doubt that they pay as much themselves, and we only bear the proper proportions of those charges.

816. Still, in regard to this particular charge of the Post Office, I understood you that the accounts are sent, and you have no opportunity of checking them?—We have no opportunity of checking the weighing of the bags.

817. Nor the terms on which the contract was made?—We have not; the contract was made without consultation with us.

818. Did the Secretary of State protest, do you know, when this contract was made, without consulting you?—Yes; he drew the attention of the Postmaster General to the inexpediency of a contract, in which India had a great interest, being made, without his concurrence having been obtained.

819. Do you know the nature of the reply to that communication?—I believe no reply was received.

820. Mr. *Fowler.*] What is the date of the contract?—The present contract is dated 6th August 1870, but took effect from 1st April 1869, and will continue in force until 1880; but I think that the correspondence was in the year 1866 or 1867, soon after a Committee of the House of Commons had investigated the subject.

821. Mr. *Fawcett.*] So that this protest was made two years before the contract was entered into?—The present contract was dated in 1870, but the correspondence to which I referred was as to a previous arrangement.

822. I am correct, at all events, in saying that another contract was made without consulting them after the correspondence had taken place? —The contract of 1870 was rather of a beneficial character, because in the previous one there had been an unfortunate clause to the effect that if the Peninsular and Oriental Company did not pay a certain dividend, the two Governments were to make up the difference, and that contingency has been got rid of by payment of a fixed sum.

823. Mr. *Fowler.*] The negotiation took place, I understand, in 1866, and the arrangement was entered into in 1868; I presume that in 1866 you were negotiating with a view to the expiry of the then existing contract?—Yes.

824. Sir *C. Wingfield.*] I saw only the other day in a paper a fresh protest by the Government of India against their being compelled to pay a share of the cost of subsidising the Peninsular and Oriental Company for the line from Galle to Calcutta; are you aware of that?—It did not come in my department, but, if received, would be in the public department, Sir Henry Anderson's. I have not seen the correspondence.

825. That is one particular instance of India being compelled to bear a share of a charge which it derives no benefit from?—It may be.

826. *Chairman.*] The next item to which I will call your attention is the "Indo-European Telegraph," 26,719 *l.*; what is that?—It was the payment on account of the Indo-European Telegraph during the year, and there is, on the other side, a receipt of 15,607 *l.* Both capital and revenue enter into the account, and I have ascertained the cost to us of the Indo-European Telegraph in that year; I find that the receipts were 56,000 *l*, and the payments 81,000 *l.*; but these figures have been furnished to me by the department which has charge of that account, and according to those figures there was an excess of expenditure of about 25,000 *l.* over receipts.

827. Mr. *Fawcett.*] How much capital was spent to realise this loss of 25,000 *l.* a year?—I believe upwards of a million.

828. So that the nature of the transaction was this, that India spent a million to get a loss of 25,000 *l.* a year?—To obtain the facilities of the telegraph.

829. But looking at it financially, India spent a million to have the privilege of paying a net loss of 25,000 *l.* a year?—Yes; it was stated by Major Champain last year in evidence, and I am informed by the department which has charge of the telegraph, that this is an exceptional state of things, and that in the current year the two sides of the account will probably be about balanced.

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830. But still, even reckoning that as an exceptional year, the fact remains that a million is spent for which there is no return?—Yes.

831. Can you furnish me with the names of the people who transacted this bargain; who were the directors of the company?—I think it would be necessary that you should have, for that inquiry, the Secretary to the Railway and Telegraph Department of the India Office, Mr. Thornton.

832. Mr. *Fowler*.] You say that the account is about likely to balance itself during the current year?—So I am informed.

833. Are you sanguine that in two or three years it will be remunerative?—I am unable to give any opinion, because I do not investigate the matter; it is in the hands of the Telegraph department. Major Champain, I think, was not very sanguine about it.

834. Mr. *Fawcett*.] Why was it exceptionally heavy last year?—I have not the particulars, but it has been so stated.

835. *Chairman*.] The next item is the Allowance to His Highness Maharajah Duleep Sing, 19,335 *l.*; under what authority is that paid?—That is paid under the authority of the Secretary of State in Council. The payment fixed from 1856, when the Maharajah attained his majority, was 25,000 *l.* a year. He was then granted an advance of 105,000 *l.*, interest on which was not to be charged to him, but to his descendants after his decease. In 1863 he was granted an advance of 110,000 *l.* to purchase an estate, and some subsequent advances were granted to him, the interest on which amounts to 5,664 *l.* 3 *s.*, which being deducted from the allowance of 25,000 *l.*, gives 19,335 *l.* 17 *s.*, the amount shown in the account before the Committee.

836. Is that in perpetuity, or for his life?—To his descendants it is to be reduced to 15,000 *l.*, and then the interest will have to be deducted, not only on the advances on which he pays interest, but also on the 105,000 *l.*

837. Then there is the heading, "Charges on the Revenue of India, Administration and Public Departments, Salaries of the Secretary of State, Under Secretaries of State," and so on, amounting to 134,000 *l.*; is that a fixed sum regulated by the Secretary of State in Council?—Yes.

838. Is that establishment confirmed by the Queen in Council?—It is.

839. The details are laid before Parliament in the Home Accounts?—There is a summary laid before Parliament.

840. And classification of the departments?—Yes.

841. Has that establishment been decreasing since unions of the Indian departments?—In the year 1856–57, combining the establishments of the India House and the India Board, the expense was 136,176 *l.* It is now for nearly the same officers, or rather for the officers discharging similar duties, 134,000 *l.*; but then a considerable increase of work has been occasioned by the growth of the railways, telegraphs, and public works generally.

842. Could you state the charges in the first year of the union of the two departments?—No; I have given it for the year immediately preceding. I have it for 1867–68.

843. What was the charge then?—£. 125,764 *l.* In 1868–69 it was 129,058 *l.*; in 1869–70 132,537 *l.*, and in 1870–71 it was 134,013 *l.*

844. By whom are the increases of the establishment sanctioned?—By the Secretary of State in Council, and confirmed by an order of the Queen in Council.

845. Will you explain why it is necessary to have 97 persons in the shape of officers, messengers, and housekeepers to look after the other 200 employed?—I can only explain it so far, that there are certainly not *too* many for the work to be done; the work is very heavy in the India Office.

846. Mr. *Fawcett*.] Is there anywhere put down in the Home Administration Accounts the interest on the money spent in building the India Office?—No, that has not been charged in the account.

847. But still that ought properly to be a charge among the expenses which India has to pay for the privilege of being governed by England?—Our account only shows the sum actually expended. Such an account as you refer to would be in the nature of a prepared statement.

848. Still, if you were trying to estimate the cost of administering the affairs of India in England, you certainly would have to include that sum, would you not?—In preparing a statement, no doubt the accommodation for the establishment would have to be shown.

849. Mr. *Dickinson*.] Will you tell me what the hours of the office are?—The hours are from 10 to 4, and very frequently to a very much later period of the day.

850. How often does the council meet?—Once a week.

851. What is the average attendance of a councillor?—No record is kept of the attendance of councillors; they are most of them members of three committees, which meet on different days, and there is also the council day.

852. How many days in the week should you say that a councillor attends, including the council day?—It varies; some attend more frequently than others. There are instances in which members of council attend almost every day, and there are others, I believe, though I cannot speak positively on the subject, in which they do not attend more than two or three times a week.

853. Sometimes not more than once?—Under peculiar circumstances that may be so.

854. Is there any holiday allowed to the office?—Yes.

855. What is the holiday?—The same as is allowed to other Secretaries of States' offices; namely, 48 working days.

856. Is there any holiday allowance to the members of council?—No, they no doubt feel themselves bound by a somewhat similar arrangement. They make arrangements when they are proposing to be absent, but there is no holiday allowance to them.

857. Are not arrangements made that councillors shall be absent for a month or two months during the year?—They are as a rule absent for a month or two during the year.

858. Mr. *Fawcett*.] It is necessary for a councillor to attend more than once a week?—It is not in order to fulfil the requirements of the law, that is, to constitute a council board.

859. Is it necessary for every councillor to be there on the council day?—No, there must be five present to form a council.

860. Supposing that the majority were very zealous, and chose to attend and do a great deal of work, and that the minority were anxious to shirk

shirk work, they need not attend at all, scarcely, need they?—They hold their offices during good behaviour; that is the only pressure upon them, except their own sense of what is right.

861. Still there is no record kept of their attendance?—There is no record kept.

862. Are there no means whatever of ascertaining how many days the various members of council attend at the India Office; last year, for instance?—No.

863. Mr. *Dickinson.*] Is there an understood hour for a councillor's coming to the office?—No, none whatever.

864. Mr. *Fawcett.*] On the council day, what is the average length of the meeting?—About two or three hours.

865. So that gentlemen get 1,500 *l.* a year for attending irregularly two or three hours once a week?—The salary is 1,200 *l.* But then, as I stated before, it is not merely necessary for members of council to attend the council; they are, most of them, members of three committees, also.

866. I suppose it is to a certain degree a voluntary act whether they serve on those committees?—They are appointed to those committees by the Secretary of State.

867. But that is much the same, I suppose, as a Member of Parliament being appointed to a Committee like this, the regularity with which they attend is at their own option?—Yes.

868. Mr. *Grant Duff.*] As a matter of fact, they do attend very regularly?—The Finance Committee is usually attended by the five members.

869. Mr. *Fawcett.*] Are the other committees as well attended?—I can only speak of that with which I am most intimately connected.

870. How often do these committees meet?—Always once a week.

871. That only represents, therefore, attendance once a week?—But they have to form their opinions on the papers before they enter the committees.

872. Mr. *Fowler.*] I suppose that system grew out of the Court of Directors?—Yes.

873. Mr. *H. Burke.*] I think I understood you that there is no obligation on any of these gentlemen to attend?—Only the moral obligation.

874. And as there is no record kept of their attendances, it is wholly impossible to ascertain what members have been present, even in the week or month when any important subject has been brought under consideration?—The records of the council would show what members attended each council; and the papers which pass through committees would show what members were present and signed those papers. The course of business requires that members of committees should sign papers which they approve or disapprove.

875. That is entirely a matter of confidence; it does not go beyond the councillors' room?—No.

876. Is there any rule prescribed as to the hours during which what are called permanent officers of the India Office attend?—Yes; from 10 to 4 is the ordered time, but they are obliged continually to remain later.

877. I suppose they are practically, often, in consequence of the telegraphic information, kept to a late hour?—Not so much from telegraphic communication, as from pressure of work. The establishment is a very reduced one.

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878. Then, in the same way, I suppose, there is a corresponding lateness in the arrival?—Yes; there is no doubt that if the clerks do their work well, and stay late when required, the heads of their departments would not be very strict with them about coming at 10 o'clock.

879. *Chairman.*] The next item is "Auditor and assistants, 3,000 *l.*"; is that under a special Act relating to an independent audit of the account?—It was constituted under the Act of 1858.

880. Perhaps you will put in the number of people and their salaries on that establishment, as well as on the general establishment?—Yes.

881. Then there are "Law charges, 7,137 *l.*"; are there salaried legal advisers to the Secretary of State for India?—The solicitor receives a salary, and is allowed also an establishment which is included in this charge of 7,137 *l.* He makes no bills of costs except for the money which he expends.

882. Is there a standing counsel?—We have had a standing counsel, with a salary of 500 *l.* a year.

883. He receives fees too?—Yes.

884. Mr. *Fawcett.*] I suppose that the solicitor is not allowed to take private practice?—Yes; he is not precluded from doing so.

885. How much does he get a year?—£. 2,000 a year.

886. He may get as much private practice as he likes in addition?—He is a member of a city firm.

887. Railway companies for a not much larger stipend than this are able to obtain the whole time of the solicitor, are they not?—I apprehend that on the occurrence of a vacancy the Secretary of State would adopt the same plan.

888. I understand that you give virtually to your counsel a salary of 500 *l.* a year, and pay him according to the ordinary remuneration for the business he does?—Yes, that has been the practice. A change has been very recently made.

889. I suppose with that arrangement you have never had any difficulty in obtaining very eminent counsel?—I have never heard of any difficulty in obtaining good men.

890. Mr. *Fowler.*] I suppose that practically the arrangement is, that the solicitor devotes his whole time to the service of the council, but that he has some private arrangement with the other partners of the firm?—Yes, I apprehend that is so; he gives all the time that is required to the business of the India Office.

891. If he does take any other business it is subject to the business of the India Office, having the precedence, I suppose?—Yes.

892. Mr. *Beach.*] In former times the solicitor of the East India Company received a much larger salary, and devoted his whole time to the business of India, did he not?—That was the father of our present solicitor; and the amount that he received from the East India Company was a very large one, but it was in the shape of bills of costs. The present arrangement is considered much more economical.

893. But it was calculated formerly on a very much larger amount, was it not?—Yes; it was very considerably more.

894. Mr. *Dickinson.*] Can you tell us at all what the fees to counsel were in the last year, in addition to the 500 *l.* retainer?—No; I am afraid that I cannot give the fees to counsel. The cost of appeals to the Privy Council in which the

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Government were either direct parties or were interested, involved expenses amounting to 4,000*l.* out of the 7,000*l.*

895. *Chairman.*] They were appeals relating to land revenue chiefly?—Yes.

896. Mr. *Dickinson.*] I suppose the private law business of the India office, with the exception of appeals, is not very much?—No; 7,000*l.* is a much larger sum than it has been before; in previous years the amount was 4,700*l.*, 5,200*l.*, and 5,100*l.*

897. Is that counsel your leader on appeals?—We sometimes have a still more eminent counsel as leader.

898. Who is your counsel?—Mr. Forsyth.

899. *Chairman.*] The next item is "Bank of England, and Bank of Ireland, for management of Debt," 15,266*l.*; the charge made by the Bank of England is at the same rate as that made to the Imperial Government, I suppose?—Yes; 340*l.* per million.

900. Mr. *Fowler.*] How does that charge arise?—It is consequent on our borrowing in this country instead of in India.

901. *Chairman.*] All the interest of your debt payable in England is paid at the Bank of England?—Yes.

902. You pay this sum in full of all charges, both in respect of transfers and in respect of payment of interest?—Yes.

903. The next item is an item of "Postage of Despatches to and from India," 8,673*l.*; is that sum paid by you to the English post-office?—Yes, we pay exactly the same as any individual or firm would pay. We send our despatches by weight, and whatever may be deficient in the weight of one we carry to the other.

904. Are all the military despatches relating to India included in this, or are they your own only?—All our despatches are included.

905. I mean are the War Office despatches included in that?—No, only the Secretary of State's own despatches, and of course it includes the charge for letters received.

906. Are the despatches of the War Office to India charged in the same way by the post-office?—I believe so.

907. And brought into the account as profit and loss of the Indian service?—Yes.

908. The next item is an item of 17,100*l.*; that is merely for office charges?—Yes.

909. Mr. *Fawcett.*] Is it the usual thing for the English Government to pay the postage of their own despatches?—I believe it is so; but I am not confident about that. It has been considered necessary in India, and I think it was based on the belief that the same principle prevailed here, in order to show clearly the post-office receipts and payments.

910. Would it not be worth while for you to inquire into that, because if the English Government do not pay the postage of despatches, they gain something in this case at the expense of India?—Of course, if the Imperial Government pays it with one hand, it receives with the other, but we are not in that position; the Indian Treasury is a different treasury, and have we any right to expect them to carry our despatches free?

911. On the other hand, have they any right, considering that you have to pay half the loss on the aggregate transaction, to make you carry their despatches free; I mean is not this point an important one to be inquired into. If the English Government pays for its own correspondence, the loss would be so much less, and therefore the amount that India is annually paying would be so much less?—So far as there is any correspondence on the part of the Imperial Government, I think I may say that that enters into the account before the loss is ascertained.

912. *Chairman.*] The next item is "Stationery, Printing, and Bookbinding," 7,097*l.*; is that for the India Office?—Yes; it is a heavy sum; during this and the two previous years, in consequence of its having been found necessary to bind a very large number, about 3,000 volumes of collections of papers that were transferred from the Board of Control, and which were getting into a very dilapidated condition.

913. It is more than usual?—Yes.

914. Then we have under the heading "Political Agencies and other Foreign Services," three items; the first of which is, "Mission to the Court of Persia," 12,000*l.*; the next, "Her Majesty's Establishments in China," 44,962*l.*; and the last, "Special Mission of Major General Goldsmid to Persia," 4,544*l.*; this 12,000*l.*, in respect of the mission to Persia, is paid annually, I presume?—It is paid under an old arrangement, existing since the year 1835, when upon some representations made by the ministry of that day, the Court of Directors acquiesced in the opinion that India had a very considerable interest in the maintenance of good relations with Persia, and agreed to pay the sum of 12,000*l.* a year towards the maintenance of a mission. That continued uninterruptedly until about 1858, when it was thought desirable to transfer the mission to the control of the India Office. It so continued only for one year, and during that year it became apparent that in our own hands we should have to bear fully an expenditure of 12,000*l.*; but it was retransferred to the Foreign Office, and the Secretary of State for India, of that day, strongly represented that India should be relieved of a portion of the 12,000*l.*; but the Foreign Minister, Lord John Russell, would not aquiesce in any change, and the old arrangement has been maintained.

915. Do you know what was the estimated proportion; was it equally divided?—I believe it cost the Imperial Government about 5,000*l.*

916. Was there any basis on which the annual arrangement was made of the contribution of 12,000*l.* by the court of directors?—I have not been able to ascertain why that particular sum was fixed. At a much earlier period than 1835, the court of directors had not only borne the 12,000*l.* a year, but a considerable sum also for training the troops of the Shah.

917. And the British Government undertook all the responsibility of the whole expenditure on receiving that contribution?—Yes.

918. What is the meaning of the item for "Special mission of Major General Goldsmid to Persia"?—That was a mission to settle the boundary between Persia, Khelat, and Affghanistan and some of our own territories. That mission has ended, but he is again absent on another mission, with a similar object.

919. He was the boundary commissioner, in fact?—Yes.

920. Then with regard to the establishments in China there is an item of 44,962*l.*; on what principle is that payment made?—That is a portion of the expense incurred by the Imperial Government in maintaining the mission, and 17 consulates

consulates in China. India bears a third, the Imperial Government two-thirds. The Secretary of State for India has, with reference to that charge, on more than one occasion remonstrated as to the amount, but the argument has been that India's share of the China trade is very considerable, and the Treasury has refused to agree to any smaller portion being paid by India.

921. Is the complaint a complaint as to the ratio of the contribution, or is it as to the expenditure itself?—Altogether a complaint of the expenditure, that it is higher than was anticipated when India agreed to pay one-third.

922. Does the Secretary of State for India object to pay on the ratio of one-third, or does he object to the expenditure generally?—Only generally to the amount.

923. Has he mentioned any different scale of expenditure which he thinks would be sufficient to carry on the service?—No.

924. Mr. *Fawcett.*] Would not any argument that would justify our requiring India to pay anything whatever to the expense of these China missions justify England in compelling Australia to pay in as much as Australia derives advantage from the China trade?—No doubt it does derive advantage from the trade.

925. Then I suppose we do not put it on the ground of justice, and it is impossible that we should put it on that ground. We do it because we can make India pay, and she has no power to resist; is not that the case?—I think, taking into account the trade between India and China, and the trade between Great Britain and India, if Great Britain bears two-thirds, the proportion borne by India is not excessive.

926. Did we ever think of carrying out the same principle with regard to our colonies. Take, for instance, the trade between Australia and China; would ever the idea be entertained before the moment of calling on Australia to contribute to the maintenance of our mission in China?—Certainly India has not been treated in the same was as the colonies.

927. Then can we come to any other conclusion than that the simple reason why India has been treated differently is, that we should be afraid to do to the colonies what we have done to India?—It may be so.

928. And I am to understand, as I gather, that it is a repetition of the old story; Secretaries of State protest against India being made unjustly to contribute to these missions, and virtually no notice is taken of these protests, and they produce no effect?—Except that in one or two of these cases India is only doing that now which the Court of Directors acquiesced in, and they had more power of resistance.

929. I am to understand then that, looking at it as a matter of principle, you do not see any reason why India should be called upon to pay towards the expense of the China mission any more than Australia?—I think not.

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930. Or than any other colony which has trade with China?—Certainly not.

931. *Chairman.*] Originally the East India Company used to keep up an establishment in China at a very great expense, used they not?—Yes.

932. And the whole of the diplomatic relations, whatever they were, were carried on by the East India Company in China?—They were.

933. Then the British Government interposed and took the diplomatic business into their own hands?—Yes: it almost followed on the East India Company ceasing to trade with China.

934. But the trade nevertheless between India and China is very great, is it not?—Yes.

935. The imports into India from China in 1867–68 were about 8,000,000 *l.*, were they not?—Yes, and the exports from India to China in that same year were 14,246,000 *l.* In the same year the imports into the United Kingdom from China were 9,300,000 *l.*, and the exports 7,600,000 *l.*, so that in that year the trade of China with India was much more than the trade of China with the United Kingdom. That was, however, an exceptional year; it would not be so in many other years.

936. But the proportion between the trade which India has with China and that which the United Kingdom has with China, would be something approaching to an equality?—Somewhat approaching an equality. I think on the whole the United Kingdom has the larger trade.

937. Are you aware that the expense of the English Government in China arises principally from the trade carried on there, and that our establishments in China are kept up for the purpose of administering justice between various traders under the British flag in China?—Yes; I meant by my answer just now that in proportion to its trade a colony might be fairly called on to bear what India has to bear.

938. Having regard to the fact that England bears two-thirds of the expense in China, it would seem to cover all the contributions due from the Colonies, as compared with the one-third paid by India, would it not?—But then it must also be borne in mind that the carrying trade of India with China, or at least a large portion of it, is in the hands of English merchants.

939. But the opium trade is a trade with India?—Yes; that is an argument against us on the other hand.

940. That requires great care and protection by the consular authorities, does it not?—It does.

Friday, 8th March 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Birley.
Mr. Charles Dalrymple.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Mr. Hermon.
Mr. Lyttelton.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

The Honourable GERALD CHETWYND TALBOT and Mr. HENRY C. G. BEDFORD, called in; and Examined.

Hon. *G. C. Talbot* and Mr. *Bedford.*

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941. *Chairman* (to Mr. *Talbot*).] ARE you the Director General of Stores under the Secretary of State for India in Council?—Yes.

942. (To Mr. *Bedford*.) Are you the Chief Clerk of the Store Department?—Yes.

943. (To Mr. *Talbot*.) Have you the account in your hand of the receipts and disbursements of the Home Treasury for the year ending 31st March 1871?—Yes.

944. I observe in that account that there are a great many items of stores sent to India. Perhaps we had better go through them *seriatim*, beginning with the first, which is under the head of "Stamps," "Stores for India," 23,123 *l.*; under what conditions are those stores supplied to India?—They are supplied by running contract with Messrs. De La Rue in this country, and the expenditure upon them is the expense of printing, and the freight for sending them out.

945. Are they supplied according to indents sent from India?—Yes.

946. Is the chief expenditure then for impressing the stamp on the paper in this country, or for the paper itself?—Partly for the paper itself, and also for impressing the stamp.

947. Do they give you a guarantee against false issue of stamped paper?—Yes.

948. Then the next item is 6,700 *l.*, "Stores for India," under the head of "Mint"?—Those are generally stores for machinery, rolls, and the usual expenditure in any mint.

949. Mr. *J. B. Smith*.] Are all the Indian dies made here?—No, they are made in Calcutta, I believe. The original matrices are engraved in England in some cases.

950. *Chairman*.] How many mints are in operation in India?—Two, I believe.

951. (To Mr. *Bedford*.) Do you know whether they have ceased to supply the stores to the Madras Mint?—Yes.

952. The next item is "Stores for India," under the head of "Post Office," 4,315 *l.*; what stores are those?—Those will be pillar-boxes, postage stamps, &c.

953. Are all postage stamps manufactured in this country for use in India?—Yes, all of them, under the same contract with Messrs. De La Rue.

954. (To Mr. *Talbot*.) Do you know whether the result of your contract with De La Rue & Co. is, that you get these stores cheaper, or as cheaply, as they are manufactured for the Post Office of this country?—I believe, if anything, it is a little under the charge, and certainly it is a most excellent supply in every way, both as to general stamps and postage stamps.

955. Then the next item is 75,237 *l.*, for stores supplied for the "Telegraph Lines in India;" what is the nature of those stores?—That is a very large item. All the iron standards for supporting the telegraph lines; all the wire that is used in the construction of the telegraph; all the insulators; in fact, everything connected with the construction of a line of telegraph.

956. Are those supplied under running contract, or by tenders from time to time?—By tenders; but being required to be particularly good, and not of the common description, sold in the market, it usually falls into the hands of three or four firms.

957. Are they supplied under supervision in this country?—Yes; there is an examiner of telegraph stores appointed especially for the purpose, with a number of assistants, which varies according to the demand.

958. Does he inspect the manufacture as well as the commodity afterwards?—Yes; every coil of wire is tested, every insulator, and in fact, nothing leaves this country without careful examination.

959. Sir *C. Wingfield*.] Does that include the stores for the Persian Gulf line?—No; they are included in the preceding item.

960. *Chairman*.] You have stated that the supports are of iron; has it been found necessary to use iron rather than wood in India?—It is found to be much cheaper than the use of wood, because it is permanent. They are hollow tubes, which are galvanized and made as light as possible.

961. Are they found more durable than wood?—Yes, very much.

962. Mr. *J. B. Smith*.] Do you advertise for these stores?—Some we advertise for; as to some we write to five or six or eight competitive firms, and the lowest tender gets it.

963. Sir *C. Wingfield*.] Could you state what proportion is for the Persian Gulf line, and the land-lines in Persia, and what proportion for the land-lines in India?—I will get that. (*See* Statement A.)

964. Mr.

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964. Mr. *Hermon.*] When sent out, by whom are these stores examined? — By a competent examiner.

965. Is there one examiner who superintends the whole business of stores? — Yes, with his assistants.

966. *Chairman.*] Has he technical assistance for matters of this kind?—Some of it may be called so; some of it is not.

967. Mr. *Hermon.*] One man might be a very good judge of a gun, but not of a boot; have the examiners who superintend the shipping of these stores professional assistance?—Not exactly that; but the gentleman in charge of the examination, who has been now employed for several years, has arrived at a very fair knowledge of the subject, as I have heard from gentlemen who are electricians, who have great confidence in his judgment.

968. At the time of the old East India Company, they had persons well qualified to judge in each particular branch of the business?—We have, for instance, an experienced electrical engineer, of the name of Greener, who can, in a point on which there is a difficulty, give us his advice; and so in other things.

969. You are now speaking of scientific stores; but when it comes to general stores, does the person who adjudicates on their fitness do so from his own knowledge, or is he assisted by technical or business men, who are every day in contact with the market?—We have a competent examiner for every branch; a man, for instance, professionally brought up to examine leather, and another who can examine iron, and a third cloth, and the like.

970. A man of that description may be very well able to adjudicate on quality, but not on market value, that is what I want to know?—They have nothing to do with that; we do that on our side of the establishment.

971. *Chairman.*] The market value, as a rule, is ascertained by the competition?—Yes; we have to take in and read very carefully the prices current of everything that is quoted in a price current, so that we immediately know if any price is exorbitant.

972. (To Mr. *Bedford.*) We will go now to the next item. The sum of 21,000 *l.* for "Stores department, wages of labourers, cartage, lighterage, dock dues, fees to surveyors, ground rent of premises, rates and taxes, repairs, supplies, &c;" can you say how much of this is for salaries for the store department; does it include any of the salaries of the higher officers, or only the wages?—Only the wages; the salaries of the higher officers appear under the previous item, the establishment of the Secretary of State.

973. These are only the expenses of receiving and shipping the stores?—Yes; and all the contingent expenses.

974. Sir *C. Wingfield* (to Mr. *Talbot*).] Where are the premises?—In Belvedere-road. Perhaps this is an opportune time for me to suggest that the members of the Committee should take the trouble to see the stores and what is done there; it is very close; and I think if they could see that, it would satisfy the Committee more than any verbal explanation that I can give.

975. Mr. *Birley.*] With regard to the ground rent of the premises, were the premises built either by the East India Company or by Her Majesty's Government?—By Her Majesty's Government.

976. And what is the amount of ground rent; do you recollect?—Not at this moment.

977. *Chairman.*] Will you explain what the nature of these stores for India, amounting to 21,000 *l.*, is?—They include almost everything that is sent to dockyards in India, anchors and everything that is wanted for ships and so forth, such shipping as remains in India.

978. Is there any system by which there is a regulated amount of supplies kept up in dockyards, or on what principle do you receive indents?—The indents are sent home vouched by the local Government or the Governor General's Government as being necessary.

979. Do you understand whether these stores are commodities that cannot be purchased fairly in India?—Invariably, or things that would be purchased at a much dearer rate in India than they can be got here.

980. Then the next item, "Stores for India," is under "Stationery and Printing," and it is 157,000 *l.*?—All stationery that is required for India is sent out on indent through Her Majesty's Stationery Office. We procure it from there.

981. Has it been found by experience that you cannot buy the stationery in India?—It has been proved by experience that it is to be got there, but neither so good nor so cheap as we can get it here.

982. Is all the stationery sent out with a special water mark?—No special water mark; but it has the Crown and the Royal Arms on it.

983. Is there no stationery of an inferior character purchased in India?—Some is, but the bulk is certainly got from this country.

984. Is this the charge for all the presidencies of all the stationery used in India?—Yes.

985. Is this obtained by tender from time to time or by running contract?—We write to the Controller of Stationery who gets it by running contract and by tender, I believe.

986. Sir *C. Wingfield.*] You have been in India; you are aware that paper made in the country, particularly that which is called the Serampore paper, is largely used in the district offices?—Yes, I believe it is; but I think that it has been found since that the inferior kinds of paper in this country are cheaper, or as cheap as that.

987. Mr. *Fawcett.*] Did you, as Director General of Stores, ever examine into this fact, whether you could get stationery, for instance, cheaper in the open market than through Her Majesty's Stationery Office?—I have not done that, but my instructions are positive that I get everything through the Stationery Office.

988. But I have been informed that the stationery is charged at a very high price; would it not be well if you, as guardian of the finances of India, were to compare what you are compelled to pay Her Majesty's Stationery Office, and what you could get it for in the open market?—I have no reason to believe that it is not obtained as cheap as possible.

989. Have you ever made a calculation, or can you bring forward any facts to convince me that a comparison ever has been made as to the prices that you have to pay to Her Majesty's Stationery Office, compared with the prices in the open market?—I am not aware that a comparison has ever been made of that kind, but it has always been my impression that the change which

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which was introduced by Lord Northbrook and Sir Charles Wood, by which stores were obtained from the Government departments, was a very great saving.

990. But I understood that your opinion rests on impression; you cannot give facts?—I cannot produce a fact at this moment.

991. If you study the current list, you know, for certain qualities of paper, you can see what you could buy that paper at, and compare it with the price charged to you by the Stationery Office?—(Mr. *Bedford.*) It would be impossible to do that without having actual competition on the patterns exhibited at the Stationery Office, because the mere weight of the paper, or the mere advertised price of the paper in a price current, would be no guide at all as to the actual patterns on which the Indian supplies are provided by the Stationery Office.

992–3. I understand you that you have never made that comparison; that you have never obtained a certain quality of paper, knowing what price was charged for it by the Stationery Office, and made an application to a leading tradesman in London, and asked at what price he could supply paper like that?—I believe that in times past there have been once or twice representations made, in certain descriptions of stationery, that they could be bought by our department on better terms than at the Stationery Office; but the orders have always been not to depart from the principle laid down, that, taking the whole supplies together, it was better to keep to the Stationery Office, because there was more uniformity in the quality obtained from the Stationery Office.

994. Then it comes to this: you know as a fact that you are charged more than you ought to be for certain qualities of paper, and you do not know that that does not run through the whole?—We have every reason to believe, from comparison with the previous prices paid when the stationery was bought through the India Store Department, that it is not so.

995. Is it not true that the prices of all commodities have changed considerably in the last few years; therefore the only way to test it would be each year to see at what price you could obtain the same article in the open market?—The assumption has been (it may have been an assumption) that the Stationery Office being employed to supply the whole of the Imperial Government, and being under regulations as to competition, have means of access to the market of a character and kind that even we could scarcely have.

996. That is only an assumption which you have not taken any trouble to test by fact?—That could only be done with any satisfaction by inviting positive tenders on identical patterns; and as it would be a fictitious transaction, it would be one which our department would not enter into without authority.

997. Are you quite certain that Her Majesty's Stationery Office simply charge you cost price for the paper?—They charge us cost price and $2\frac{1}{2}$ per cent. on the contract price, which reimburses them for all charges.

998. What sort of charges?—The whole of their examination, receipt and delivery, and so on.

999. It would be no more expensive to the stationer to deliver the goods at your store instead of first of all delivering them to Her Majesty's Stationery Office, and then to your stores; am I correct in assuming that that does take place?—No; the stationery is delivered from the Stationery Office to our department packed and ready for India.

1000. But then that involves two deliveries, first of all taking it to Her Majesty's Stationery Office, and then to the India stores?—Not always; it is taken direct to the ship occasionally.

1001. Sometimes it is taken to your stores, is it not?—Yes, as a rule it is.

1002. Do you think that this $2\frac{1}{2}$ per cent. might not be saved?—It cannot be saved so long as we employ the Stationery Office.

1003. Suppose that you did not employ the Stationery Office?—Then there must be an increase of establishment in the Store Department to carry on the duties, which are enormously large. The supplies to India through the Stationery Office are very frequently larger than all the rest of the supplies by the Stationery Office put together.

1004. (To Mr. *Talbot.*) Does the India Office keep any check as to the amount of stores ordered for India?—We are not able to do it exactly in that form; but partly from experience and partly by the demands themselves, and what we know to have been supplied, and to be on the road, and to be in India, we know pretty well what ought to be supplied; we never supply in excess of the demand.

1005. Is any means, for instance, taken to check the quantity of any stores used in India?—That does not rest with us in the slightest degree.

1006. Do you ever receive remonstrances from the Indian Government that the Home Government acts as agent for them for stores at an extravagant rate?—Not remonstrances by the Government.

1007. From any of the officials?—Not within my recollection.

1008. Never in any department has a remonstrance been sent to you from India that such an article has been bought at an extravagant rate?—We have had a charge made against us of paying an extravagant rate of freight, for instance, and in one or two cases we have been told something of the kind. A steam roller was specially specified that was bought at a very high rate, and could have been bought cheaper elsewhere; but I am quite able to say that the complaints are very exceptional indeed compared with the great number of transactions.

1009. Those are not the only complaints: were not complaints made with regard to other stores?—There was a petition, I remember, made, in which it was said that the stores obtained from England were unduly dear with regard to the first cost.

1010. *Chairman.*] From whom was the petition?—I think it came from Calcutta.

1011. From what class of persons?—I do not remember.

1012. Sir *S. Northcote.*] Not from the Government?—Not from the Government.

1013. Mr. *Fawcett.*] Then I understand you that remonstrances have occasionally been made by the Government that you were buying stores at a high rate, and that certain inhabitants of Calcutta sent a petition on the subject?—There have been no remonstrances by the Government within my recollection.

1014. From whom did the remonstrance come with

with regard to the steam roller?—So far as I recollect, from the person who was to use it.

1015. He was a Government official, I suppose?—I cannot say.

1016. Can you supply me with that information?—I will get it.

1017. Are you quite certain that no remonstrance ever came from any member of the Government of Calcutta as to the extravagant rate that you were paying for telegraphic stores?—No, I do not remember that.

1018. Am I to understand you that you do not remember, or that you are quite certain that no such remonstrance came?—I remember it so little that I might say that there was none, but I would not like to commit myself at the moment.

1019. Mr. *Birley* (to Mr. *Bedford*).] Is this amount of 157,885 *l* about the average consumption of paper in India?—I believe it varies very little indeed.

1020. Then it would be easy to furnish a return for a series of years of the amount which has been paid year by year?—Yes. (*See* Statement B.)

1021. Would not that extent of business command the very best terms in the market, without the intervention of Her Majesty's Imperial Government?—I presume it would.

1022. And does not that 2½ per cent. commission seem to you a large sum to pay for the agency of the Stationery Office?—They do a great deal for us for that; they examine the paper.

1023. The 2½ per cent. comes to 4,000 *l.* a year, and could not that be saved?—I do not think the greater part could be saved, if any. We should have, certainly, to apply at once for a staff of examiners of our own, which would run away with a great deal of money.

1024. Mr *Hermon.*] I understand from your replies to the questions that have been put to you that Her Majesty's Stationery Office has a monopoly of the supply of all the stationery for India?—Yes.

1025. I presume that when they send the stationery they furnish you with invoices?—Yes.

1026. You check those?—We check them by the demand; that is the indent, to see that they correspond.

1027. Have you ever felt it your duty to remonstrate with Her Majesty's Stationery Office as to the prices they have charged your constituents in India for these goods?—We have once or twice.

1028. With good effect?—It has generally been explained satisfactorily; there has been some exceptional reason, some particular quality of paper, for instance.

1029. Owing to any of your remonstrances, have you ever got a reduction from Her Majesty's Stationery Office?—We frequently obtained corrections of accounts from the Stationery Office. We draw attention to items which are palpably either an overcharge or an error

1030. When you speak of an error, you do not, of course, allude merely to a clerical error?—When we find discrepancies; for instance, in one bill the paper is charged at a different rate from what it is in another. Whenever we find cases of that kind we draw attention to them. In some cases it is explained; it is a different contract, bought under different circumstances, at a different date. In other cases it has been discovered to be an overcharge.

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1031. You say that all this stationery has to go through the hands of examiners in Her Majesty's Stationery Office?—Yes.

1032. But you still find it necessary to examine the accounts yourselves?—Yes

1033. And you frequently find errors?—Yes; but these are in bills containing perhaps hundreds of items.

1034. In these errors that you have discovered, have you ever found that Her Majesty's Stationery Office have charged too little to the India Government?—I cannot say from memory that I have found so

1035. Mr. *J. B. Smith.*] What is the examination that takes place on the part of the India Government after they receive the paper from the Stationery Office?—No examination

1036. The examination of the Indian Government merely applies to checking the invoices?—That is all; we check the quantities stated to be packed and delivered, and pay on them

1037 The paper itself you never see?—The paper itself we never see in this country.

1038. Sir *T. Bazley*] Are you aware whether fraudulent errors have been discovered in the supply of stationery?—I have never heard of any case

1039. Have you uniformly found the quality of the paper sent to the Government in India excellent?—With regard to that there are frequent complaints from India of the quality of the paper supplied by the Stationery Office, but those complaints are always in the case of very inferior descriptions of paper, and many of the complaints are readily explained as unreasonable. We had a complaint, for instance, within a very short time from one of the Presidencies of the inferiority of the paper which had been supplied on an indent from the Stationery Office, and they sent home specimens of the stationery which they complained of. On sending them to the Stationery Office, the Stationery Office produced identical specimens which had been received from India, and on which they had made those supplies. The stationery sent to India is sent to a variety of departments, and one head of a department complained of what had been laid down really as the pattern which was to be followed throughout the whole service; but we have never had any case that I am aware of, of a complaint of paper being sent out not worth the money that was paid for it.

1040. Mr. *Lyttelton* (to Mr. *Talbot*).] What is that petition that you referred to just now?—The allegation was, that the stores obtained from England are unduly dear as regards first cost.

1041. Sir *C. Wingfield.*] Was not that a petition from Calcutta against the income tax?—It was from Calcutta. I do not know exactly what it was.

1042. *Chairman* (to Mr. *Bedford*).] Does the petition contain any suggestion that the same stores could be purchased cheaper in India?—It was a petition generally to the Secretary of State in which there was some reference to stores; and that portion which refers to stores was sent to the Director General of Stores to make any remarks on; but as to the petition generally, I could not say by whom it was signed.

1043. (To Mr. *Talbot.*) Is there anything in the extract that you have, that would show whether it was a petition suggesting any better mode of obtaining stores?—The extract I read just now was contained in our answer.

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1044. Mr. *Lyttelton.*] What was the substance of the answer?—It might be the shortest way perhaps, if I were to read it. "The present system of obtaining stores from England for India is, that demands from the several Government departments in India are met by the Store Department of the India Office, which is responsible for the purchase examination and shipment of the stores. A central and responsible agency thus exists, the cost of which represents but a small per-centage on the value of the stores The allegation that the stores obtained from England are 'unduly dear, as regards first cost,' in the absence of evidence in its support, can only be denied. With special exceptions, stores are bought by competition sufficiently wide to secure them at prices which will bear strict examination. That they are 'burdened with charges on an extravagant scale,' cannot apply to any charges imposed in England. In addition to the first cost of the stores, the only charges I am aware of are, firstly, freight which averages 7 per cent on their value, and secondly, the 'establishment charges' of the India Store Department, which represent for agency a per-centage of about 1⅔rds, a most moderate sum. Delays in the supply of stores have no doubt occurred and will recur, both from departmental pressure, default of contractors, and the necessity for reference to India for further information on stores demanded; errors also in the conduct of transactions, so numerous and often so large, must also be expected and are admitted. 'Irregularities' in the execution of indents I cannot admit, nor am I aware of any events deserving that term, whereby 'loss has been sustained by the State.' The questions raised by the Committee on the Calcutta Port Fund have been answered in a separate memorandum which is attached. The prices complained of therein, as paid for the freight of screw moorings, are shown to have been entirely exceptional to meet exceptional circumstances, and it is not believed that inquiry will bring to light that extravagant means or expenses are used or incurred in the ordinary transactions of the Store Department."

1045. *Chairman.*] Is that the whole allegation in the petition?—That is the whole allegation, I presume, that refers to the stores

1046. Mr. *Fawcett.*] Are you not aware that that petition, one allegation of which you read relating to stores, was signed by a great majority of representatives of the leading commercial houses in Calcutta?—I am not distinctly aware of that; I believe it was so.

1047. You have heard it?—I have heard so.

1048. In your answer you make several allegations on which I will examine you. In the first place you state that one advantage that the system secures is that the India Office is responsible for the examination of the stores sent to India; how do you reconcile that statement with the evidence you gave as to stationery, that you never examined it at all?—Because the examination is conducted on our behalf, and on the responsibility of another public department.

1049. But if you were estimating the price which the Indian people have to pay for obtaining their stores through England, that 2¼ per cent. ought to be put down to an establishment charge, which you pay as a commission to the Stationery Office?—If we examined it ourselves I presume it would be so, but another public department, the Stationery Office, undertakes the duty for us.

1050. But then that fact is not strictly consistent with your answer that the stationery stores are not examined in the India Office, but are examined somewhere else?—It comes to the same thing precisely, if I may venture to say so.

1051. Do you think it is the same thing as if you examine yourself, if you let the people from whom you purchase, examine?—No; but they have a staff of examiners, as I have, which staff of examiners is employed on that duty instead of mine.

1052. But is there not this very material difference, that you as a purchaser ought to examine the stores which you purchase, but instead of that, with regard to the stationery stores, you as purchaser do not examine them at all, but allow them to be examined by the people from whom you purchase them?—We do not purchase them from the Stationery Office; the Stationery Office when we send them demands call for tenders from the manufacturers, and their responsible examiners examine the stores when they come in.

1053. You give up all control over the purchase?—Yes; but I contend that they are examined by a responsible Government department.

1054. Will you mention the specific figures on which you justify the statement that the cost of the Commission is only 1⅔ per cent. (Mr. *Bedford.*) I can give you three years, which some time ago we took out and compared. In the year 1852–53 the value of stores exported was 325,000 *l.* in round figures, and the cost of the establishment in that year was 9,578 *l.*, which represents, as I have it here, about 2 *l.* 19 *s.* per cent. Then in 1861–62 the value of the stores exported was just over a million; the cost of establishment was a little over 130,000 *l.*, and that represents a per-centage of about 1 *l.* 6 *s.*; that was under 1¼. In 1869–70, the value of stores was about 1,400,000 *l.*, the cost of establishment a little over 24,000 *l.*, and that is a per-centage of 1 *l.* 14 *s.*; about 1⅔rds. per cent.

1055. Are you quite certain that every charge is included in the 24,000 *l.*?—I was going to add that that does not include, I find, the charges for extra examiners and engineers who have been employed in practical cases, and the Surveyor of shipping; that was the cost of the permanent establishment.

1056. What are those extra charges?—In 1852–53 there were none; in 1861–62 they amounted to 3,500 *l.*; and in 1869–70 they amounted to 4,400 *l.*; and that includes, as far as I am aware, every charge of every description.

1057. Did it include, for instance, the rent of the stores in Belvedere-road?—No; I am speaking simply of salaries and wages to permanent and temporary officials.

1058. That is the point I want to get at; it does not include the rent of the buildings, the amount of capital which you have spent in the Belvedere-road, or the ground rent, or any of those charges?—No, it does not.

1059. What is the amount of those?—We have no account of those in the store department

1060–61. From these facts, it is at once evident that what you state in your reply just read to us, although it may not be incorrect, is only a very partial statement. You state there, do you not,

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that the cost of the finances of India is 1⅔rds per cent., and you make that statement simply including salaries and wages; you do not, in the first place, include extra charges, which you say amount to 4,000 *l.*; and, secondly, you do not include any of the charges which represent the expense of stores; the 21,700 *l.* is not included in the estimated expenses for superintending?—Yes; it is those figures which I have taken. The 21,700 *l.* includes the fixed establishment of labourers. The figures which I have mentioned refer to the wages out of that 21,000 *l.*; but I am not able to dissect the other

1062. *Chairman.*] We understand the item for the Stores Department does not mean that it is the cost of the fixed establishment in the Stores Department; it may mean the cost of the Stores Department and the cost of the wages of labourers, cartage, &c., or it may mean the wages of labourers, cartage, &c. in the Stores Department; what does it mean?—As I understand it, the whole of the salaries of the Store Department are included under the salaries of the Secretary of State and the officers, and the wages of the labourers in the Stores Department are included in the 21,000 *l.*

1063. Are the examiners all excluded in this item of 21,000 *l.*?—Yes; they are included under the head of salaries.

1063. (To Mr. *Talbot.*) Where you speak of the per-centage in that Report, does your per-centage include this system of wages of labourers and other subsidiary expenses, or does it refer only to the cost of the establishment and examiners?—It includes only salaries and wages, I believe.

1064. (To Mr. *Bedford*) You are allocating the wages under two heads. You mean that wages of labourers, &c, which are included in the 21,000 *l.*, are not included in the wages of the fixed establishment?—Yes, they are

1065. Is that the same item twice over?—This Parliamentary Paper is made up in the Accountant General's Department of the India Office, the figures that I have got are obtained from the same source; but we obtain the total amount for salaries and the total amount of wages, and, as I said just now, add to that 4,472 *l.*, and you have all salaries and all wages, whether permanent or temporary, of every kind whatever.

1066. Can you tell us how much of the sum of 21,733 *l.* constitutes wages of labourers?—The labour only 9,715 *l.*

1067. How much is there in fixed establishment making up the total which you have given us, would it not be the balance?—In 1869-70 the total is 26,000 *l.*

1068. Then 17,000 *l.* would be about the cost of the fixed establishment, and 9,000 *l.* would be in wages of labourers?—Yes, but the labourers are also on a fixed establishment.

1069 It includes all the labourers on the fixed establishment?—Yes.

1070. And if there are labourers casually employed they are not in that account?—I think all labour would be in that item.

1071. Mr. *Fawcett* (to Mr. *Talbot*).] Do I rightly understand you (I want to get this point very clearly) that the 26,000 *l.* includes the salaries of all persons on the permanent staff of the India Office, and of all labourers and every one connected with the stores, excepting those specially employed for particular services?—I believe that to be so.

1072. When you say "I believe," does that imply any doubt?—No, I do not mean it to imply any doubt.

1073. There is 4,000 *l.* you say last year for extra wages?—For extra employment of engineers, surveyors, and so forth.

1074. Then we get 30,000 *l.* to be the salaries of the ordinary and extraordinary people who are employed in the Stores Department?—Yes.

1075. But then that item does not include the rent of the building, does it?—No.

1076. What is the expense of the warehouse and all that?—About 12,000 *l*

1077. And that brings the whole total up to 42,000 *l.*, does it not?—With regard to the rent of it, I beg to state that I am in no way connected with that. I could not give you an opinion.

1078. But the 42,000 *l.* includes wages of labourers, cartage, lighterage, dock dues, but not the rent?—I do not believe that it includes the rent.

1079. What interest does 42,000 *l.* represent on 1,400,000 *l.*?—Three per cent.

1080 Will you read again that part of your answer to the petition in which you state what the amount of commission is?—"That they are 'burdened with charges on an extravagant scale' cannot apply to any charges imposed in England. In addition to the first cost of the stores the only charges I am aware of are. firstly, Freight, which averages 7 per cent. on their value; and secondly, the Establishment Charges of the India Store Department, which represent for agency, a per-centage of about one and two-thirds, a most moderate sum."

1081. But then we bring it up to a great deal more than that, do we not?—But I specially say it is for agency; my department of the duty.

1082. Still the contingent expenses, without including the rent of the premises, represent a charge of 3 per cent., do they not?—Yes.

1083 You state in that answer, do you not, that the goods are obtained from the open market?—They are all supplied in a competitive way; after competition.

1084 With regard to that answer, it would convey a rather erroneous impression, would it not, because, with regard to certain of your stores, the competition is very limited, is it not?—No, I cannot say that. We advertise in several cases, and in all others we write to a large number of firms.

1085. Sir *S. Northcote.*] Who is responsible for the preparation of the indents?—Principally the Indenting Department in India. I mean each department in India puts forward its own wants, which come to us through the Government of the Presidency.

1086. For instance, with this stationery how many indents would come to you?—We receive only one from each Presidency, which I presume is one of all the wants put forward in the Presidency.

1087. That comes to you on the authority of whom?—Of the Governor and Council of the Presidency. There are three indents, one indent from each Government.

1088. With regard to the indents for the Punjaub or the North West Provinces, from whom do they come?—They come through the Governor General.

1089. And does the amount come to you in a

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lump sum, or are any details given?—There are large details; there is a description of everything they require in great detail

1090. I do not mean that; but do you get details of how much is required for the Punjaub, and how much for the North West Provinces, for instance?—No, we do not get that.

1091. Do you exercise any control over these indents, any discretion in complying with them?—Not unless we see any palpable error, or unless we see any clerical error, or unless we see from the experience of previous years that the demand is very excessive.

1092. In that case you do?—Yes.

1093. Supposing that the demand this year were 50 per cent. higher than the average demand of the last few years, should you take any notice of that?—We should supply the average, and request that a despatch be sent to the Government in India to ascertain what the cause of the excessive demand was.

1094. Is that frequently done?—It occurs, I will not say very frequently, but it does occur.

1095. It occurs often enough to prove that this is a real check that is exercised?—Yes.

1096. And does it occasionally happen that the indent has to be reduced?—It is most frequently found that there has been some mistake, and then we supply the average and call for an explanation of the case.

1097. Then the system results in this, that the control at home does exercise a salutary effect upon the expenditure on stores in India?—Yes; I should say so.

1098. Mr. *Birley.*] Do these indents for stationery come only once a year?—Generally; it is an annual indent. If there is any special quantity or quality required, not thought of at the time the indent was sent, that comes separately.

1099. Mr. *Hermon.*] Respecting this petition to which reference has been made, you are aware that the merchants of Calcutta object very much to the item of freight?—Yes.

1100. One of the charges they made was that they had been obliged to pay something like a third more than merchants in this country were paying for the same service?—Yes.

1101. Do you have the arrangement of the freight in the case of stationery, or is that made by the Stationery Office?—We make all the arrangements for the freight.

1102. Do you make them personally or through some shipping agent?—We advertise, generally, for shipping agents to tender.

1103. Have you any idea of the lowest rate per ton to Calcutta?—I think I have paid 7 *s.* (Mr. *Bedford.*) We paid under 5 *s.* on one occasion, and for many months it was under 10 *s.*

1104. Mr. *Hermon* (to Mr. *Talbot*).] You say that these stores for India are collected by a sort of competition at your place in Belvidere-road?—That is a competition as regards prices.

1105. Have you ever had a refusal made by parties who have been in the habit of tendering to you to tender again on account of their dissatisfaction with the manner in which these goods have been adjudicated upon?—I have had several instances of firms declining to tender any more, and for many reasons; not on account of the manner in which they have been adjudicated upon as regards the price, but they do not like our restrictions and our keeping them strictly up to the patterns, and a great many causes of dissatisfaction which are necessarily incident to transactions with a Government establishment, in which the system is necessarily strict to secure sufficient checks.

1106. Do you find many who are able to overcome those difficulties?—A great many; in fact these cases are the exception.

1107. Mr. *J. B. Smith.*] Do you suppose that if you employed a broker to obtain a freight for you whenever you wanted it, you would get it on better terms?—I have no reason to suppose so.

1108. Have you ever had any objections stated to the amazing number of rules that you prescribe to persons undertaking your freight?—Yes, but we are our own insurers, and we are obliged, therefore, to impose those rules to see that we get a sea-worthy and good ship.

1109. Have you had cases where merchants have declined to take your freight with the restrictions you imposed?—No, I am not aware of any.

1110. Are you aware they would take them much lower if you would ship your goods on the same terms as merchants do?—No doubt they would in some cases, but we are obliged to make restrictions in order to insure perfect safety.

1111. *Chairman.*] What is the per-centage of loss that you sustain?—The loss is hardly appreciable; there has been very little since I have had charge of the department

1112. Mr. *J. B. Smith.*] Do you suppose that you get your business done better than merchants?—No; I hope we get it done as well in the interest of the Government.

1113. Do you get it better done?—I may say in some respects I think we do.

1114. But are you not aware that you pay much higher prices than the merchants?—I do not think so. (Mr. *Bedford.*) Taking the year round, I doubt whether our rates for freight are much higher than those of merchants; in exceptional cases they are

1115. *Chairman* (to Mr. *Talbot*).] You say generally that the losses are small and inappreciable, what has been the actual per-centage of loss for a certain number of years from sea risk or sea damage, which would have been covered by insurance?—I cannot speak to that positively, I will procure the information. (*See* Statement C.)

1116. Mr. *J. B. Smith.*] Do you get all your supplies of paper from the Stationery Office?—Yes.

1117. But supposing instead of getting those supplies from the Stationery Office, you got them from the paper-makers themselves, would it not be necessary in that case that you should have an establishment to examine these stores?—Yes.

1118. And must you not also have a storehouse to receive them?—I think the storehouses we have would contain a good deal, but we should require additional store accommodation.

1119. Then the cost of those additional storehouses would have to be added to the charge?—Yes.

1120. And therefore, if your general charges amount to 2 per cent., or something like it, 2½ per cent. would not be an extravagant charge on account of the Stationery Office?—I think not.

1121. You would not be able to do it on much lower terms yourselves?—I do not suppose that there would be much difference.

1122. *Chairman.*]

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1122. *Chairman.*] The investigation of the stationery is a very minute investigation, is it not, with reference to value?—I have always understood so.

1123. Mr. *Dalrymple.*] What was the date of the answer to that petition which you read?—The 29th April 1871.

1124. *Chairman.*] Perhaps we may go now to the next item, namely, 77,000 *l.* for stores supplied for the purposes of the Marine in India; could you state generally what the nature of those stores is?—There is a very great variety of supplies under that head, all coal for marine purposes, cordage, steel, iron, tools, blocks, almost everything that is used in a dockyard

1125. Does that also include the stores that were sent for the pilot service, such as buoys and other things, for moorings in the harbour and ports?—Yes, everything of that sort.

1126. And those supplies are sent under the same conditions that you have described, in reference to tender and otherwise, as applying to the stationery?—Yes; all by competition.

1127. In the Paper that has recently been laid on the Table of the House, relating to the Calcutta Port Fund, there is this passage. "We find that a large proportion of the more important stores, including all buoys, ground chains, mooring tackle, and canvas, are sent direct from England, on indent through the Secretary of State, the balance, comprising timber, a proportion of coal, and all petty stores and provisions being procurred here. As regards the stores from England, the anchors for moorings, and other requirements of the port were supplied in 1868-69, at the rate of *Rs.* 20. 15. per cwt., a rate which we believe, from inquiries we have made, to be in excess of what the same could have been obtained through other agency. When the screw moorings are complete, the number of anchors required will be largely diminished, and we would suggest that indents for them on the Secretary of State should be discontinued, and the wants of the port supplied here." Have you had your attention called to that passage?—Not to the particular paper that you were reading from; but we have been called upon to explain our part in the supply of those screw moorings before now, and I have the answer that I gave with me.

1128. Then there is another paragraph: "In connection also with the subject of stores obtained from England, we have endeavoured, but have not obtained the means, to ascertain the first cost at which the new screw pile mooring have been supplied to the Port Fund, the whole having been shipped from England; and having formed a heavy item of expenditure in the accounts we have had before us; but judging from the invoices, the arrrngements for shipping these stores have been carried out on such extravagant terms, that the final cost to the Port Fund must have been largely and unnecessarily increased. We may instance the case of the 'Latona,' by which vessel was shipped to Port Canning about 366 tons of Government stores, including 158 tons of chain cable for the Calcutta Port Fund, at 44 *s.* per ton, or nearly double the current rate of the day by first-class ships to Calcutta direct. The cost of bringing these stores to Calcutta was, exclusive of boats supplied by the Port Fund, *Rs.* 3,237. 4. 9., and cannot altogether be estimated at less than 10 rupees per ton." Then it goes on thus: "As further instances of excessive charge, we would notice the cases of the 'John Ritson,' 'Alice Ritson,' 'T. B. Ord,' and 'Phaeton,' all of which ships left England between April and August 1868, and received freight for the Government stores they conveyed at 59 *s.* 6 *d.* per ton alike for weight and measurement. A large proportion of the supplies brought by these ships were for the use of the Port Fund, the injustice done to which by the existing system may be inferred from the fact that during the above period outward freight from London, in the finest ships ranged from 20 *s.* to 30 *s.* per ton. Two steamers which brought some stores round the Cape received the enormous freights of 10 *l.* and 13 *l.* per ton respectively. Facts like the above need little comment, but it is evident that under such a system of overcharge, the Port Fund must have suffered severely, and that a radical change in the mode of supply is necessary" Have you considered those paragraphs?—Yes.

1129. Will you give the Committee any explanation that you have made?—I can read the answer that I have submitted to the Secretary of State: "The remarks of the Committee on the Calcutta Port Fund as to the alleged exorbitant freights paid for screw moorings shipped by the India Store Department to Calcutta, must be replied to under two heads. 1st, those sent overland, and by special screw steamers *viâ* the Cape; 2nd, those supplied by sailing vessels *viâ* the Cape. 1st, the moorings sent overland, and by screw steamers in 1865 were demanded by the Government of India on 10th December 1864, to replace moorings carried away in the Hoogly in November 1864." That was the occurrence of the great cyclone They asked for 100 sets of screw moorings, half of which were to be sent overland. Now screw moorings are a patent article, not anywhere kept in stock. They had, therefore, to be manufactured for the occasion. The matter being most urgent, a committee of Indian naval officers (including Mr. Lamb, assistant inspector of stores, who is an officer of the Indian navy) also was appointed to consider how best to meet the emergency. With them, at the desire of the Government of India, was associated Mr. Hill, assistant master attendant, Calcutta, at the time in England," and who unfortunately died immediately after the occurrences, or he would have explained all this satisfactorily in Calcutta, I believe. "On the Committee's recommendation, application was made to the Admiralty, and the London and Liverpool Conservancy Boards for any anchor moorings, which might be sent at once to Calcutta to be laid down for use while the screw moorings were manufactured. Application was also made to the Peninsular and Oriental Company to convey these anchor moorings by the overland route. A proportion of mooring anchors and chains was obtained from the Admiralty, of which only a small part was sent overland, the Peninsular and Oriental Company finding themselves unable to convey these heavy articles by their passenger ships. Two fast screw steamers were then engaged, which conveyed these moorings to Calcutta, *viâ* the Cape, under penalties as to time in 70 and 65 days respectively, and at rates per ton of 10 *l.* and 13 *l.* For the quantity conveyed overland the Peninsular and Oriental Company charged a reduced rate of 20 *l.* per ton; the freights by special steamers were therefore little more than half

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half the overland freight. Having thus met the urgent demand caused by the cyclone, the rest of the moorings (screw) were shipped to Calcutta by sailing vessels in the usual way. 2nd. The sailing-ship freights, quoted by the Committee, were for the conveyance of screw moorings in 1868, demanded on a subsequent indent. The rate of 59*s.* 6*d.* was for freight from Sunderland to Calcutta, not from London. The screw moorings being manufactured in the North of England, they were supplied at about 20*s.* per ton cheaper if delivered at a northern port. Again, they included some very large iron buoys, shipped in halves. These required much care in handling to avert damage, and it was considered important to avoid their transmission to London by coasting vessels, and their possible injury; they were therefore shipped from a northern port. Freights could undoubtedly have been obtained lower in London; and the India Store Department was paying from thence only the rates quoted in the Committee's Report, or from 21*s* to 27*s.* per ton for ordinary stores. The screw moorings are an exceptional cargo. The case of the "Latona," referred to in the report, is quite exceptional. The Government of India had requested that an experimental shipment of Government stores should be made to Port Canning, in the interest mainly of the railway from thence to Calcutta. The Director General of Stores strongly represented the expense and inconvenience of such proceeding, but he was directed notwithstanding to send, *viâ* Port Canning, a consignment of Government stores on the first favourable opportunity. So soon, therefore, as a large quantity (about 1,000 tons) could be accumulated, tenders for freight to Port Canning were obtained, of which the "Latona's," at 44*s*, was the lowest. Of the stores shipped by the "Latona," about 158 tons consisted of mooring chains for screw moorings. The officers of the Store Department had no reason whatever to suppose that the screw mooring chains, which were demanded like other Indian Government stores, were chargeable to local funds."

1130. Sir *C. Wingfield*.] I understand you to say that the Indian Government asked that the screw moorings should be sent out by the overland route?—Yes, as many as possible.

1131. But then that first emergent requisition having been supplied, the rest of the stores were sent out by ordinary sailing vessels or steamers?—Yes; we are speaking of the time before the opening of the Suez Canal; it is necessary to bear that in mind.

1132. I think you said that two steamers were engaged?—That was for the emergent supply.

1133. They say that they were sent out at a cost of 59 *s.* 6 *d.* per ton, whereas freight then in the finest ships ranged at 20 *s.* to 30 *s.* a ton; and I think you said that they were sent from Sunderland, which raised the rate of freight?—It raised the freight, and diminished the price of the article.

1134. But the difference between shipping from Sunderland and from London would not be double. (Mr. *Bedford.*) In that price they quote the price of ordinary stores, whereas those screw moorings consisted of enormous iron buoys, most unwieldy things, which were not ordinary things, and the freight for them from any port in England would have been extra.

1135. But there is such an enormous difference between 20 *s.* and 59 *s.*, and one would like to know what it would have been in London for that kind of freight?—We were shipping ordinary stores in London at that time from 21 *s.* to 27 *s*, which is rather under the rate quoted by the paper just read; but for those extraordinary stores, it is impossible to give an estimate; it depends upon the ships that are in the market and the character and size of the ships that are at that time going to the port; but if we deduct from 59 *s.* at Sunderland 20 *s.* saved on the cost of the moorings, it reduces the actual amount of the difference. I should not say from my experience that 39 *s* in London would have been an extravagant rate for such unwieldy and exceptional stores.

1136. And can you say that you save 20 *s.* by shipping these things from Sunderland?—Yes; our object, as the reply states, was not to subject these buoys to more knocking about than could be helped; and if they had been brought up from the north of England in steamers to the river and then trans-shipped, they would have undergone greater risk of damage; therefore that is the special reason for shipping from Sunderland.

1137. (To Mr. *Talbot*.) In regard to shipping the chain-cable required for the Calcutta Port Fund, I understand, from your answer, that you acted at the request of the Government of India?—Yes. They desired that stores should be sent to Port Canning to try the experiment.

1138. It did not occur to you that that would be required for Port Canning?—None were required for Port Canning.

1139. Mr. *Fawcett* (to Mr. *Bedford*).] I understand you to say that, considering these moorings were special freight, 39 *s.* would have been about a fair price for transmitting them from London?—I think it would have been so.

1140. Then according to that statement of the difference in the freight, between sending anything from London to Calcutta and from Sunderland to Calcutta is 50 per cent.?—I should think quite that, as far as our experience goes.

1141. What is the reason of that?—The much greater selection of ships from London than any other port. We find that from London we can ship cheaper than from any other port in England, Liverpool, or Glasgow, or any other.

1142. But do I rightly understand you, that you find from your experience that the difference between the freights from London to Calcutta, and from Sunderland to Calcutta, is 50 per cent.?—I should think, if we were to force shipment from Sunderland, it would amount to more than 50 per cent. Our principle is this, to ship when we require the shipments. We never buy till it is absolutely necessary; we never delay the shipment when the stores are ready; and therefore when the stores are ready to go we advertise the freight, and if we were to force the shipment from Sunderland, the competition there being limited, we should pay more.

1143. What I want to get at is not the fact that it is more from Sunderland to Calcutta than from London to Calcutta, but that it is 50 per cent. more?—I should think quite that.

1144. (To Mr. *Talbot.*) There is a statement in this Calcutta Port Fund paper about the sum paid for anchors; in your answer to the Secretary of State you make no reference to that statement, do you?—I do not think that I allude to that particular point. (Mr. *Bedford.*) There were

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were anchors obtained from the Admiralty in 1864-65.

1145. (To Mr. *Talbot*) In that year it was sent as a special emergency; but this statement refers to 1868-69, which is not a special year, and, as far as I can discover, you admit that you made no answer to that charge?—I make no reference to it in the reply I have read.

1146 How do you explain your answer to the statement to these Government officials, who paid *R*s. 20. 15. a cwt. per anchor, that you were buying at an extravagant rate?—I cannot answer that at this moment.

1147. *Chairman*] Do you recollect its being sanctioned?—Yes. What I should apprehend was that it was not an article which we could go to competition for very well. (Mr. *Bedford*) My impression is that we sent no anchors and cables in 1868.

1148. Mr. *Fawcett* (to Mr. *Talbot*)] This report of the committee on the Calcutta Port Fund, I suppose has been before you as the Director General of the Stores Department?—Yes.

1149. And you were instructed, I suppose, to make a reply to it, were you not?—Yes.

1150. Then this seems to me, considering that it is a charge made by Government officials against other Government officials, a most serious charge, and it seems to me extraordinary that it entirely escaped your notice; you have never referred to it, have you?—I do not recollect that I ever was called upon to reply to it seriatim.

1151. Sir *S. Northcote.*] I observe that this committee on the Calcutta Port Fund merely state that, from inquiries they have made, they believe that the price paid for the anchors was "in excess of what the same could have been obtained for through other agency;" and then they go on to suggest that "indents for them on the Secretary of State should be discontinued, and the wants of the port supplied here;" do you understand that paragraph as meaning that it would be cheaper for them to get them in India than to get them from home?—Either that, or that they think they can employ an agent of their own.

1152. They go on to illustrate what they mean by saying, "Periodical public sales are held of anchors recovered from the bed of the river by the boats of the Fund, and unclaimed; and we see no reason why, if suitable anchors are available, the Fund should not purchase at such sales, which generally result in very moderate prices;" is it not to be inferred from the statement that they make, that they considered that they could be more economical methods of supplying themselves with anchors; but that it does not involve a charge against the Store Department, of having paid in England higher prices than they ought to have paid in England?—I should say so. There are a great many considerations in regard to anchors of this description. In the first place, we should have to get the very best iron that could be obtained, probably the Trinity iron, as human life is dependent on it.

1153. As respects the question of freight, they make specific allegations, which your attention was called to; but as regards the cost of anchors they make no specific allegations to which you could very well reply?—I think so.

1154. Mr. *Fawcett.*] Will you supply at the next meeting of the Committee, an account of the steps that you take to purchase these anchors, with the object of showing that anchors of the same quality, at that time, could not in England have been obtained at a cheaper rate?—I will do so. (*See* Statement D.)

1155. Mr. *Birley.*] I wish to ask you a question about the "Latona," I understand that the Indian Government desired a cargo to be sent to Port Canning?—Yes

1156. It was sent, I suppose, at the ordinary cost of freight?—Not quite, tenders were called for, and we took the lowest offered, namely, 44 *s.*

1157. And you could have had freight at that time to Calcutta for 27 *s.*?—From 21 *s.* to 27 *s.*

1158. So that to 44 *s.* would have to be added the cost of transport from Port Canning to Calcutta by the railway?—Yes.

1159. And was not the experiment a useless one?—I should think not, considering the importance of it

1160 *Chairman.*] The Government having been called upon to give guarantees for a very large expenditure at Port Canning, under the belief that it would be a great commercial success?—Yes. (Mr. *Bedford.*) As a matter of fact, the Director General of Stores reported strongly against the experiment; it was referred again to India, they said that in the interest of commercial parties there, they wished the experiment to be made. As soon as we could, we allowed a large quantity to accumulate to make it a fair experiment; it would have been manifestly unfair to have sent 200 or 300 tons. We collected 1,000 tons, sufficient to load the ship, and that was the result.

1161-2. Mr. *Birley.*] What was the rate of tonnage from Port Canning to Calcutta?—That, I think, appears in the petition, in the complaint.

1163. *Chairman* (to Mr *Talbot*)] The next item is, "Miscellaneous Civil Stores for India," at page 7, amounting to 16,554 *l*; what is the meaning of that item?—A large proportion, I believe, represents the currency notes sent out from here to India for circulation

1164. Are those supplied by the same firm?—No, those are supplied by the Bank of England.

1165. Under some specific arrangement the Bank of England deliver you all these currency notes?—Yes, and we ship them and send them out.

1166. The next item is "Stores for India;" for the army, 929,000 *l.*; can you give a general description of the nature of those stores?—Those are all the ordnance supplies; all the clothing for troops, European and native, and all arms of every description.

1167. In regard to clothing, is that sent out as clothing, or the materials?—The materials, and made up in India at the clothing agencies there.

1168. Are the materials examined here before they are packed, or are they shipped on the responsibility of the manufacturers?—For European troops we get the clothing from the War Office, from Pimlico.

1169. Made up?—No, all the materials, the buttons, trimming, and everything connected with the uniform worn there. For native troops we purchase the cloth and examine at our own stores at Lambeth.

1170. You ship it?—We ship all.

1171. In regard to the ordnance; how is that supplied?—That is supplied mainly from Woolwich;

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wich; sometimes we go to the trade when Woolwich is not able to supply us; sometimes, for instance, we go to Sir William Armstrong.

1172. How do you fix your prices when you go to Woolwich?—We leave the prices to the authorities at Woolwich.

1173. Do you know on what principle the prices are assessed?—I do not; they are fixed prices, I believe, which are published from time to time.

1174. Do you know whether they are the prices that are arrived at from their published accounts, showing the manufacturing processes of Woolwich, and showing what the different prices are?—They send in their charges to us, and we take it on their responsibility.

1175. You do not know how they arrive at the price?—No. (Mr. *Bedford.*) Charges for all ordnance and materials manufactured in the Arsenal are according to their priced vocabulary. The War Office publish a priced vocabulary periodically of all descriptions of ordnance stores and materials, and the prices which they charge India are based on that published list.

1176. Do you know whether that price list is compared with the manufacturing balance sheet?—Yes.

1177. (To Mr. *Talbot.*) How are the small arms obtained?—Similarly through the War Office Department, generally direct from Enfield.

1178. With regard to the prices of the small arms, how are they fixed?—That is generally in the same way.

1179. (To Mr. *Bedford.*) Could you give, shortly the subdivision of the expenditure of this large item, how much is ordnance stores and how much the small arms?—For 1870–71 the clothing for European troops, 160,000 *l.*; for native troops in that year, 25,500 *l.*: for ordnance stores (not ordnance merely, but all that comes under the head of stores for arsenals, tools, and machinery), 364,400 *l.*; and about two-thirds of that was payable to the War Office for arms and ammunition.

1180. Does that include the small arms?—That includes the small arms. Medical stores, 59,000 *l.*

1181. Those are drugs, I presume, and other medical appliances?—Drugs we obtain from the Apothecaries' Society, under a running contract, and the instruments from three eminent firms in rotation.

1182. The amount is substantially for those two items, the instruments and drugs?—Yes, these are included under the head of medical. Then for the Surveyor General, for scientific instruments, drawing papers, and things of that sort, for the Survey Department, the amount is 8,500 *l.*; and Miscellaneous, the bulk of which is malt liquor, 311,000 *l.*

1183. When you say the Surveyor General, do you mean in India?—Yes; the Surveyor General of the Survey Department in India.

1184. How do you obtain the stores of the Survey Department?—All scientific instruments are now bought under the superintendence of a special officer, who has been attached to the Store Department for the purpose.

1185. And, who, I suppose, is familiar with the business of the survey in India?—Yes, and also with scientific instruments generally; it is his special line.

1186. What is the item for the supply of malt liquor?—There is an item of 311,000 *l.*, the bulk of which is malt liquor; I have not a separate item for the malt liquor, but it is almost the whole of that; it would also include rum, wine for hospital use, or any Commissariat stores, and sheeting These are miscellaneous military stores, which include Commissariat.

1187. And beer is a part of the Commissariat stores?—Yes.

1188. There are some other Commissariat stores of a miscellaneous character?—Yes.

1189. How much are those as distinguished from the beer?—I have not separated them, the bulk is beer.

1190. What steps do you take to get this supply of beer?—By limited competition from a selected number of brewers, who are written to, and tenders invited from them; I think it is about 18 that we have on the list.

1191. Is it of a fixed quality and strength?—Yes, of a fixed quality and strength; it is determined by the amount of drawback.

1192. Is it in one contract?—No, several contracts; it is beyond the means of any one firm.

1193. And do they ship the beer on their own responsibility delivered in India, or do they deliver it to you here?—Since the year 1867, it is delivered to the Store Department, and shipped by the Store Department.

1194. Is it tasted by the Store Department, or do you rely on the test for the export for drawback?—It is now tested by the Store Department by a practical taster and by a chemist.

1195. How did you deal with it previously to 1867?—It was then by open competition, and the tenders were invited from brewers, who should deliver the beer in India at their own risk, accepted there or rejected, as the Government might please, and payment made only on delivery.

1196. Then they took the whole charge of shipping and paid the freight?—Yes.

1197. Is there any difference caused in the way of saving, or the reverse, by the change that you have made?—There is an enormous saving.

1198. Because now they avoid the risks incident to the voyage, and you obtain the beer at a less price?—Yes, and the rates of freight; we save upon every item.

1199. Have you sustained any loss from deterioration during delivery here?—It is within the average that we allowed for; we estimate the loss by leakage and damage at 5 per cent, and our actual loss, as far as we can ascertain from the receipts from India, is something under 5 per cent.

1200. Is it reported to you as to the quality and condition on arriving in India?—Yes; but it is not open to rejection there, but it is examined, and the amount of leakage loss and damage is reported in every case.

1201. And taking that into account, you still save by the new system, as compared with the old?—The saving we roughly estimate is nearly 30 *s.* the hogshead.

1202. What per-centage is that?—Taking the year 1861–62 under the old system, the price per hogshead all round was about 4 *l.* 9 *s.* 5½ *d.* In the year 1870–71 the price all round, that is, including freight and delivery, was 2 *l.* 14 *s.* 8¾ *d.*

1203. Including the per-centage for your supervision?—No, it does not include that; but that is quite a fraction.

1204. Is it 3 per cent?—No; our examination is nothing like that; the salary of the senior examiner is 500 *l.*

1205. But

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1205. But then you must take the whole office establishment?—Adding it in that way, it would be different.

1206. May we take it at 3 or 4 per cent., including workmen, labourers, and everything?—Including everything; but then, under the old system, you must have added establishment charges, so far as there were clerical duties, that was actual official work gone through; and the amount of work, so far as the office goes, is the same.

1207. Have you included the 5 per cent.?—Yes; I include the 5 per cent for wastage.

1208. Do you know whether any attempts have been made in India to save the necessity for sending out beer from this country by making it there?—There have been experiments there, on a small scale only; but in our department we have no special record of them.

1209. Have you any account of the loss incurred in transmitting beer to all parts of India for consumption?—Not in the Store Department.

1210 Sir *C. Wingfield.*] I think you said that the proportion of cost of clothing for the native troops was 25,000 *l.*?—Yes.

1211. Then I presume a great deal of the clothing of the native troops is provided in the country; the cotton clothing, for instance?—Yes.

1212. This is only the cloth that is sent there?—The cloth and trimmings.

1213. Mr. *Fawcett.*] With regard to the 160,000 *l.* paid for clothing for European troops, is that clothing sent directly from the Government works at Pimlico?—Yes; it is packed and shipped very much on the same principle as the stores from the Stationery Office.

1214. I suppose that is the same with the 250,000 *l.* which represents the ordnance from Woolwich?—That undergoes a little more supervision.

1215. Then with regard to these two large items which come to over 400,000 *l.*, you do not perform the duties of agents in the same way for the other stores which you actually purchase?—No, we do not

1216. Therefore, to give the Calcutta merchants who complained about the large cost at which you purchase your stores a fair statement, it would have been more correct if you had estimated the commission simply on the stores that pass through your hand, and not on those that go out from the English Government, would it not; the point is this: an accusation or allegation is brought against you that you throw a very considerable burden on the Indian finances in the extravagant way in which you purchase your stores; in answer to that you say that the expenses of the department are such, and the amount of stores which that department purchase for which they are agents, is a certain amount, and putting the two amounts together you say that the charge for agency is only one and two-thirds per cent; but that is not a correct statement, is it, because out of the 1,400,000 *l.* which you say is spent for stores, with regard to at least 500,000 *l.* or 600,000 *l.* you do not discharge the duties of agent at all?—I should say that the department does discharge the duties of an agent; it is a question of detail as to the purchase, which does not affect the principle.

1217. But they perform none of the duties usually discharged by agents, do they?—I think whether we transfer the order to another department, or whether we execute it ourselves, is a question of detail which would not affect the general principle.

1218. But then, if you transferred the order to another department, you have not the expense of that department included?—That expense is included in the value of the stores.

1219. Therefore to estimate the amount which you really charge the Indian people for agency, you ought to have taken away so much from the price charged for these goods supplied to you by the English Government, so that the whole of the price which they pay does not represent the value of the goods, but in the price is included a certain amount for agency?—It is right to say, in explanation, that the answer which was given on that point was not one that was asked for formally.

1220 Therefore it is not a correct one?—I should not like to say that.

1221. It is rather a rough one?—Yes. The paper was sent to the Store Department, and in a hurry we were asked what we had to say, and the Director General gave a short answer, with an expression of his readiness to go into the matter fully, when he was asked. He never has been asked.

1222. With regard to the terms on which you purchase this clothing, and the Ordnance of the English Government, you simply purchase them at the prices at which they offer to sell them to you, you take their prices, do not you?—As a rule we take their prices.

1223 You say that those prices are made up on a certain statement of accounts. For instance, the Ordnance; do you examine those accounts carefully?—No, the accounts are not examined.

1224. Then, if the accounts are not examined, what security have you that you are not overcharged?—As far as the Store Department is concerned, all that we conceive to be our duty is to be sure that India pays only the amounts which the War Office publish as their periodical rates, at which these articles are to be charged to the public.

1225. But do you not think it is also your duty, as directors of the Store Department, to see that India is not overcharged, and how can you tell that it is not overcharged, unless you examine the accounts upon which those charges are made up?—I do not see how the Director General of stores could have the means of checking the mode by which certain charges are arrived at in the War Office.

1226. Suppose that you are charged so much for a small arm, or a soldier's coat of a particular quality, could you not apply at the manufacturers and ask them at what price they would furnish you with the same article, and then compare the prices?—I think I might say that, as a general principle, that is done.

1227. When you say "as a general principle," how often is it done?—It is not done deliberately or advisedly; but we must not mix clothing and ordnance together, because in the case of all ordnance stores the War Office Accounts are published. In the case of clothing they make special contracts, and they charge us the contract price, which they pay after competition, plus the per-centage.

1228. But still any private person would not accept goods from the manufacturer simply from his own published statement; he would take some security to see whether the prices were

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properly charged, would he not?—And so the Store Department does in the case of manufacturers.

1229. But I mean in the case of the Government?—In the case of the Government we are put in a different position, for the orders of the Secretary of State have been imperative; the arrangements are made apart from the Store Department.

1230. *Chairman.*] The practical guarantee, I suppose, is that you are paying the same rate that the people of this country are paying for the same article?—Yes.

1231. Mr. *Fawcett.*] But you cannot tell that, unless you have a private examination of the accounts, which I understand you do not have?—We have not an examination of the accounts, but we have the published price of the War Office.

1232. You simply take the price which they choose to say a gun costs, but you do not examine into the matter to find whether that is the correct price or not?—We do not certainly examine whether a given Armstrong gun, or any other description of gun, could possibly be manufactured at a lower rate, inasmuch as we really have not the means of doing it.

1233. You do not, for instance, as any ordinary trader would, look into the accounts, and see whether their statements are correct as to the amount which the ordnance costs the English Government?—We do not conceive that, as a public department, which the India Store Department is, it would be within the province of the Director General of Stores, at all events, to challenge or question the published War Office prices.

1234. Then what it comes to is this, that if you buy from an ordinary manufacturer, you think it is necessary to take the ordinary precautions which you take with private traders; but you do not think it necessary for your department to exercise the same care in proceeding when dealing with another Government department?—Not the same.

1235. Why not?—Because we conceive that the other Government department is already under strict supervision, under a strict system of audit. All their accounts have to pass a Government system of examination, and it having been arranged that stores for India are to be supplied on the same principle and plan as those supplied at home, the duty of the Store Department ends with assuring ourselves that we do get those stores at the same rate; and where we detect differences, there we call attention to the matter.

1236. But you cannot tell from the accounts produced, what the cost price of the gun is; can you?—I mentioned that we have the Woolwich lists of prices which are in the utmost detail, not only for all descriptions of ordnance, but for all details of the minutest portions of ordnance. We can ascertain the Woolwich printed price for any item whatever.

1237. You say that you do sometimes obtain, but have you often tried to see whether you could obtain small arms, and so on, from private manufacturers?—As a matter of comparison, not as a matter of necessity.

1238. But when you have purchased them in that way, what has been the difference in price?—I am not aware that there has been any difference.

1239. Could you furnish me, for instance, with any time, when you were purchasing ordnance stores from the Government and ordnance stores from private manufacturers, and state the prices which you paid for the same article?—Yes, we can do that. (*See* Statement E.)

1240. Can you tell me whether there is any difference, or not?—I cannot tell you now, it is many years ago since we bought any guns or small arms from private persons.

1241. I understood that you had bought guns of Sir William Armstrong?—I think that those were gun carriages; there is now a contract with him for supply of carriages and platforms.

1242. Can you tell me the result of any application that you have ever made as to what is the price at which Sir William Armstrong or any other ordinary manufacturer would furnish you with a certain gun compared with the price which the English Government charges you for it?—I could answer that almost now. For a long course of years no ordnance or guns have ever been bought from a contractor at all.

1243. That is not my question; but in order to exercise a proper check, I presume that you sometimes have made a comparison of prices between these prices and private manufacturers' prices?—No, we have not.

1244. Ought you not to have done so?—I do not think that we are in a position to go to Sir William Armstrong and ask him at what price he would give us a similar gun to that which Woolwich is supplying us; that is not the province of the Store Department.

1245. But if the Store Department is not the proper one to do so, some others might be?—Perhaps so. I scarcely think that I can define whose duty it would be.

1246. Are you aware whether such a comparison has ever been made to you?—I am not aware.

1247. *Chairman.*] Under what department of the India Office would this come?—Each department deals with its own stores, and each committee considers its own department.

1248. The military stores would be under the military committee?—Yes, and the military secretary.

1249. And it would be their business to test the propriety of the system under which the stores are furnished?—Yes, because the orders come from them.

1250. Mr. *Fawcett.*] You simply execute the orders of certain committees of the Council of India?—Yes; there are certain principles laid down: one is that all descriptions of ordnance and small arms are to be obtained from the War Office, where possible, in order to secure absolute uniformity of pattern and system to avoid anything like a complaint from officers in India, and that is invariably carried out; but whatever we can obtain of a military description which is a contract article, we buy from the trade.

1251. With regard to this ordnance we have no choice in the matter; you are simply instructed by the Military Committee of the Council of India to purchase from the English Government?—Yes.

1252. Mr. *Birley.*] Does the British Government make any per-centage or agency charge for this ordnance or small arms?—£. 5 per cent. is their charge on all descriptions of ordnance stores, and 3 *l.* per cent. on clothing.

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1253. Is that included in the prices of the stores as returned in the Paper before us?—I think it is.

1254. It really is an additional cost of the agency for sending those to India?—It is a part of the general cost; the whole question of per-centages is at present under consideration in the India Office.

1255. It appears, at present, a positive addition?—A positive addition to the calculated price in the War Department.

1256. Is it an addition to the published vocabulary, as you call it?—Yes.

1257. So that a private person could buy it from the published vocabulary 5 per cent cheaper than the Indian Government; he would not be charged 5 per cent. commission?—Yes, he would; the Government charge private firms generally, I think, even a higher rate of per-centage than they do Government departments

1258. In regard to the beer, you told us that previously to 1867 it was the custom to require the contractor to send the beer out at his own risk; to receive payment after an examination in India, and that you found a saving of 30*s.* a hogshead from adopting your present system?—Yes.

1259. Is not that a very strong illustration of the cost which the Government incur whenever they impose very onerous conditions on contractors?—I think so; it is a strong evidence of it.

1260. Sir *C. Wingfield.*] With regard to the beer; under the new system is not the beer occasionally condemned by committees in India?—I do not remember exactly a case of condemnation, except it be of a small quantity; there are frequent complaints, and now and then, or in one case at all events, we have had a specimen of what they condemned sent home which has turned out to be admirable beer, that was one of the great difficulties under the old system, that the committees who examined the beer in India were all sorts of people, serjeants and so on, selected without any special knowledge.

1261. I think the committee was always presided over by an officer?—But the tasters were generally men of an inferior description who were not professional tasters.

1262. Sir *D. Wedderburn.*] Can you tell me exactly what stores are sent out from this country for the use of the native army?—We send all arms, and a great portion of the clothing.

1263. Are boots sent out for the cavalry?—Some boots Those we obtain generally from the War Office, because of the superior make and examination there.

1264. Then with regard to this large item of malt liquors, at Kussowbee and other places in the hills, they brew very good beer at a moderate rate. Can you tell me whether the army in India is supplied to any extent from those places?—We have no accurate information on that point.

1265. You have merely to furnish what is ordered from you?—Yes, and we have nothing to do with the local supplies.

1266. Mr. *Lyttelton.*] Is the army in India supplied with arms entirely from stores in India, or are the troops sent out with their arms?—Regiments going out take their arms with them.

1267. Have the authorities in India any option as to what arm they shall arm their British soldiers with?—Every regiment before it proceeds to India is inspected in this country by an officer attached to the Store Department. There has been a committee for some time consisting of one officer of the India Office, and one of the War Office to inspect every regiment, the arms, accoutrements, and clothing before it embarks; that officer on the part of the India Office has the power to draw attention to everything exceptional or wrong in the outfit of the regiment; old pattern arms, for instance, he would not pass.

1268. Supposing the British Army in England were armed with Enfield rifles, they must be armed with Enfield rifles in India, must they not?—Yes.

1269. They could not go into the open market for the supply of Enfield arms; has it not been practically a monopoly?—I would not say a monopoly, because we ourselves have purchased Enfield rifles from the Birmingham trade and the London trade in former years.

1270. In recent years?—In recent years we have not; Enfield has supplied us.

1271 And as to the guns, the artillery; do the artillery corps take them out with them?—No, the artillery do not take them out.

1272. They must be armed with guns of the same pattern as they have been used to in England?—I cannot answer positively on that point. The military question does not come directly under my cognisance.

1273 Mr. *Eastwick*] What is the total average expense for beer sent out to India?—I have it here for seven years. In the year 1870–71 it was 275,369 *l.*; that is the beer delivered in India with all freight paid. The year before it was above that, it was 308,000 *l*

1274 Is that the highest?—No; the highest year is under the new system in 1867–68, that is 322,000 *l* It was then the first year of our new system, and I think both the brewers and the shipbrokers had not yet got to see the advantage of the new method of buying in this country; but under the old system the proportional outlay was much higher.

1275. Is there anything in return recouped to the Government?—Beer is sold in India, and a portion of it is recouped

1276. To what amount?—We have no information in the Store Department.

1277. Could you ascertain that?—I rather think it would be a financial or military question; and I am not able to say what information would be given on that.

1278. Have you suffered any inconvenience by sudden indents of which you have no previous knowledge?—There is a constant occurrence of what they call emergent indents. I do not know that we can say it is inconvenient; it requires extra haste, extra labour, and in many cases extra expense in discharging them.

1279. Probably you cannot say whether there might be a system arranged in which there might be fewer or none of those emergent cases?—I think it is entirely a matter of foresight and judgment on the part of individuals, and I do not think that any system could prevent it. With such an enormous supply spread over such an enormous space, and the very long time which the annual indents are prepared in anticipation of the arrival and issue of stores, it is perfectly impossible for any officer really to anticipate exactly his wants; any slight occurrence may overturn his calculation.

1280. *Chairman.*] What is the basis per head of

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of consumption of beer?—Roughly, it has been a hogshead per man per year.

1281. Mr. *Eastwick.*] Do you accept the statement that 4 per cent. should be added to the cost of these things?—I would rather look into that before I accept it. I am not thoroughly acquainted with the manner in which the items in this Parliamentary Paper are made up. I should rather, before accepting it on behalf of the Store Department, have it carefully examined. (*See* Statement F.)

1282. Sir *D. Wedderburn.*] The arms sent out from this country for the use of the native army are entirely muzzle loaders, are they not?—At present.

1283. And of ammunition, what portion has been sent out from this country?—All muzzle-loading ammunition has for many years been made in India. Snider ammunition has been sent from England pending the requisite changes in the Indian factories for its manufacture locally.

1284. *Chairman.*] Are any steps being taken to increase the local manufacture of small arms?—Small arms are not made locally. As to ordnance, the Cossipore Gun Foundry has been increased, and machinery of all kinds has been provided, but it is not all sent out yet.

1285. Mr *Fawcett*] Suppose a great improvement introduced into ordnance, for instance the invention of a breech-loader, if India were able to supply herself with ordnance from private firms in the open market, instead of from the English Government, she would have her soldiers armed with good weapons much faster than under the present system, would she not?—I think it is possible.

1286. Because, under the present system, England of course takes care to supply all her own troops before she lets India have any?—I think we must admit that.

1287. Therefore, what it comes to is this: that India has to pay exactly the same price, together with 5 per cent. commission for ordnance, and she is placed under this disadvantage, that if anything new has been introduced, England is supplied first, and she is supplied last?—I think we cannot exactly say that England is supplied first, for this reason: if we take the case of the Snider rifles, England is supplied with those rifles; that is to say, regiments at home get those rifles, but some of those regiments proceed to India in the very year in which they get those rifles, and therefore India gets them too.

1288. But as a fact, the English army at home is supplied long before the army in India?—I cannot say positively that; but I quite admit the tendency is that the Imperial Government will serve itself first.

1289. For instance, at the present time a very much larger portion of the troops in England are furnished with breech-loaders, than the troops in India?—I am not prepared to say.

1290. What plan is adopted in regard to these contracts here, for selecting firms who shall be allowed to compete?—In the cases of malt liquor we began in this way: that when the system was changed we put down upon the official list every one of the contractors who had in former years obtained contracts under open and public competition to begin with, and then we added to that the names of such brewers of character and position as applied to be put on that list.

1291. I suppose that the great point which you strive at, is to get brewers of sufficient repute, that in any contract they are willing to execute, you have due security for its proper execution?—Yes.

1292. Therefore, if a brewer of repute says that he will deposit any sum of money which you like to name as security in the hands of trustees, of course there is no objection to admitting him to contract?—As we should not accept this deposit of money, we should not think that the mere offer of it implied much. If a man is offering to deposit money, which he would know also, as a matter of fact, would not be accepted, that would not be sufficient evidence to us that he was of repute.

1293. I have heard a statement made, which is not correct, I suppose, that you require what is popularly called influence, that you want an influential friend to back the application before it is admitted?—No; I may say that we emphatically refuse any such recommendation. We simply go on the capability of the man, his public character as a brewer, and the capabilities of his establishment to produce a large quantity.

1294. Suppose a brewer says to you, I have a certain establishment, I can produce certain evidence as to my ability; come and examine my plant, and you will see that I have capacity in my business to brew a certain quantity of beer; allow me to send in a sample of beer, which I will be pleased to supply you at a certain price; would you under those circumstances attend to the application?—We should if he was in London.

1295. Are you quite certain that an application of that kind has not been made to you in the last two years, which has been refused?—I am certain that every application from a London brewer has been carefully considered, that his establishment has been examined, and his general character inquired into; and if he was not, as far as our judgment went, in a position to compete with the eminent firms on the list, his application has been refused.

1296 *Chairman.*] When you say his general character, you mean his character as a brewer?—Yes.

1297. Mr. *Fawcett.*] But you say that no application has been made and refused of a London brewer?—No application of a London brewer has been refused, except on the ground that his means and appliances were not considered to be equal to the requirements of the case.

1298. Have you simply gone by general rumour, or have you discovered his means not to be adequate after examination?—After examination; but in the case of country brewers, we refuse many firms, because we have no means of examining beer at a distance without largely increasing the staff.

1299. *Chairman* (to Mr. *Talbot*).] We will go to the next item, if you please; the stores which are supplied for the ordinary public works, 134,000 *l.*; what is the nature of those stores?—They include stores of almost every description, also girders for building bridges and the public works, or tools, machinery, and there is hardly anything which we supply for other departments not supplied for that.

1300. In the prosecution of public works in India, the Government sends to you for all these things which they think can be better or more economically manufactured here, and sent from this country?—Yes.

1301. And do those involve much supervision in the execution of the orders?—Yes, a good deal;

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deal; in many of them we have that item of engineers to be incurred, in order to examine the specifications, and while the work is in progress to test the bearing powers of the iron, the strain, and all that requires a scientific education.

1302. That involves special expenditure, certainly?—Yes; but for the ordinary things we can do ourselves that is not incurred.

1303. Are these stores generally obtained upon tender, upon competition?—Yes.

1304. Have you any account of the disposal of these stores after they are once acknowledged to be received in India?—We simply get a notification that they have arrived at their destination, but we have not in our department any account of their disposal in India.

1305. Have you anything to do with what may be called the old stores or used stores that result from these supplies?—Some come back for sale.

1306. After they have been used in India?—Yes.

1307. Have you the disposal of them?—Yes; there are periodical sales.

1308. What is the nature of those stores?—Military stores, cloth-cuttings, and things of that description that come home; sometimes old arms, and unused medical stores.

1309. And are those sold by auction?—Yes, they are sold by auction.

1310. Mr. *Fawcett* (to Mr. *Bedford*).] £.410, I believe, is charged as freight for returned stores, which stores sold, I believe, for 2,000 *l.*; can you give any explanation of that?—I do not think that from this account you could thoroughly identify that, and set one against the other, and say that the freight was absolutely the freight of those that were sold, for this very simple reason, that the stores sold are very often accumulations which have been lying many years before they are sold.

1311. *Chairman.*] You cannot connect the sales for one year with the charge for freight in the same year?—No; if you look at the items on page 2 you will find that the sales of army stores amounted to 13,000 *l.*, for instance.

1312. It includes other items?—I have ascertained that the bulk of that really consisted of old stores returned from regiments coming home. There was one single sale in our depôt of 5,000 *l.* of all descriptions of old stores, and another sum of 1,900 *l.* for an old steam engine. It would be impossible to say how long many of those stores have been accumulating; and certainly they were not the stores of which the freight amounted to 400 *l.*

1313. (To Mr. *Talbot.*) How long have you been in charge of this department?—Since 1860.

1314. Were you in the public service prior to that?—I was 18 years in the Ceylon civil service; from that I went as private secretary to Lord Canning, during the years of the Mutiny; then I was private secretary to Lord Stanley, when he was Secretary of State for India, and on his retirement Sir Charles Wood appointed me to my present post.

1315. For all the practical supervision of the stores you rely on an officer under you, I presume?—Yes.

1316. Mr. *Fawcett.*] With regard to returned stores, do you get any returned on the ground that they are not serviceable, and not from their being worn out?—There are a great many not used from becoming obsolete.

1317. But do you get stores returned ever owing to blunders in purchasing them?—No.

1318. You have no account, I suppose, of unused stores which have to be sold in India?—No; I have nothing to do with that.

1319. Have you nothing to do with the appropriation of the money obtained from the sale of stores?—No.

1320. *Chairman.*] After the stores have come into consumption, do you receive any complaints to any extent of the character of the stores; after you have been first acquitted by the acknowledgment of their receipt in India, do complaints arise?—Occasional complaints; but they are very rare indeed.

1321. Sir *D. Wedderburn.*] Have the whole of these unserviceable stores been to India and back, or have any been sold in this country, being found to be unserviceable before they were sent out?—I should think that they have all been to India.

1322. Mr. *Lyttelton.*] Are they brought here because they can be better sold here?—Yes; I think so.

1323. Mr. *Bedford.*] A large number of them are brought home by regiments returning, and on inspection of the regiment, obsolete and unserviceable stores, being at the cost of India, are sent into our depôt; the War Office refused to take them; and the great bulk of our stores are made up of such returns

Mr. THOMAS LAWRENCE SECCOMBE, C.B., re-called; and further Examined.

Mr. *T. L. Seccombe*, C.B.

1324. *Chairman.*] I THINK we left off at the special mission of Major General Goldsmid?—The first item that you were about to take was the "East India Company, for expenses in respect of their capital stock and dividends," at page 5 of the Home Accounts.

1325. The item is 2,839 *l.* for the East India Company's expenses in respect of their capital stock and dividends; under what circumstances do you make that payment?—It still rests with the East India Company to distribute the dividend on the capital stock, and the clerical work is done at the Bank of England, for which the East India Company is charged at the same rate as we pay on our debt, the payment to the Bank of England being 2,039 *l.* 18 *s.* Out of this sum of 2,839 *l.* 18 *s.* the amount retained by the East India Company for their own expenses is 800 *l.*

1326. What expenses have the East India Company in the way of distributing their dividends; are their dividends paid by the Bank of England?—The warrants are prepared at the Bank of England, but the directors have to sign those warrants. The sum of 800 *l.* is granted to defray the salaries of the directors and their secretary, as well as the rent of their office.

1327. Why do not the Bank of England sign the warrants, in the same way as they sign other warrants?—There seems to be a legal objection to that. It was provided by the Act of 1858, for the better government of India, that the Secretary of State should allow a sum annually to the East India Company for their expenses. It was

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first allowed at the rate of 1,200 *l.* a year, and then reduced by 200 *l.* at two different times till it reached the minimum of 800 *l.*

1328. Since then the Bank of England has undertaken the duty of managing the stock?—Yes; and the amount therefore paid to the Bank of England only takes the place of that which the East India Company must themselves have spent in clerical labour if the transfer books had been kept and the dividend warrants been prepared by them.

1329. Nothing remains to the East India Company to do?—It is, I believe, almost nominal; they sign the dividend warrants, and transact certain other business. This charge will expire in 1874, when the Secretary of State in Council has the option on obtaining the assent of Parliament of paying off the capital stock.

1330. Then there will be no charge at all?—There will be no charge at all, and a considerable saving of interest, exceeding 400,000 *l.* a year, to Indian revenues.

1331. The next item is the "Examination, expenses, and allowances of candidates for the Covenanted Civil Service of India," 17,159 *l.*; under what condition is that allowance made?—When Haileybury was abolished and the service thrown open, it became necessary to entrust this duty, or at least it was entrusted, to the Civil Service Commissioners, and these are the charges entailed upon India in consequence of that mode of providing candidates.

1332. You mean that the candidates, after they have passed their first examination, become a charge to the public?—Of that sum of 17,159 *l.*, 3,435 *l.* are fees paid to examiners; the allowances and prizes to selected candidates during their two years' probation in this country amounted in the aggregate to 13,360 *l.*

1333. On what scale is that allowance?—At the rate of about 300 *l.* each spread over two years. Then there are some small expenses of the Civil Service Examiners that make up the difference.

1334. Then the next item is 1,963 *l.* for the "Examination expenses, and allowances and passage to India, of successful candidates for the Indian Forestry Department," &c.; what is that?—It was thought necessary to send out a certain number of duly-qualified men to take charge of the forests in India. They were obtained by competitive examination, and this is the expense attending that arrangement, and they are allowed certain sums whilst studying forestry on the Continent and in Scotland which amounted, after deducting fees paid directly to professors in the year 1870–71, to 1,426 *l.*

1335. That is an allowance after they have succeeded in the competition?—Yes.

1336. At what rate?—At the rate of about 100 *l.* a year.

1337. That is while they are pursuing special studies?—Yes, and out of that sum they have to pay the fees to professors.

1338. Then there is the "Examination expenses of candidates for the civil engineer establishment in India," 193 *l.*?—That consists of certain small items, three of them being fees to examiners, fifty guineas each; the remainder are very trivial.

1339. Then you have not introduced the same principle for the engineers that you have done for civilians and foresters?—We have a Civil Engineering College, on which Mr. Thornton will give evidence

1340. The next item is "Allowances and passage to India of successful candidates for the Indian Telegraph Department, pay of scientific instructors, pay and allowances of officers attached to that department studying in this country, &c., 4,368 *l.*," are they also paid a salary after they have been first selected?—They are allowed 100 *l.* for one year after they have passed a preliminary examination, and on passing a final examination they are granted a further 100 *l.* for passage. The allowances to the successful candidates in this item amount to 1,300 *l.*, their passages to 1,400 *l.*; the salary of a scientific instructor to the Indian Telegraph Department is 1,000 *l.*, and the passage from and to India, and expenses whilst studying in this country, of officers attached to the Indian Telegraph Department, 370 *l.*

1341. Then the next item is, "Passage and outfit of a puisne judge to Madras, chaplains, civil engineers, &c.," 3,703 *l.*—That consists of the allowance to one judge for Madras, 800 *l.*, to three members of the ecclesiastical establishment, and the mistress of the female normal school at Madras, 600 *l.*; 12 engineers appointed to Public Works Department, 1,286 *l.*; 12 cotton gardeners, 522 *l.*, and some other small items.

1342. Is the sum paid to the judge 800 *l.*, a regular allowance that every judge is entitled to on going out?—A fixed allowance to every barrister judge in this country at the time of appointment.

1343. Mr. *Eastwick.*] That includes outfit, I suppose?—Yes.

1344. Mr. *Fawcett.*] But the very moment that a judge is appointed he draws 5,000 *l.* a year, does he not?—Not until he arrives and is sworn in. At Madras, Bombay, and in the North West Provinces, a judge's salary is 4,500 *l.* a year.

1345. But to get to India does not take him more than a month, so that that is an extravagant sum to pay, is it not?—I think it is fixed under authority given by Act of Parliament.

1346. Sir *S. Northcote.*] Is it not the case that the outfit allowances have been reduced of late years?—In some cases I think that they have been reduced.

1347. Mr. *Dickinson.*] Is not there a sinking fund on the debt to the East India Company?—Yes, a guarantee fund of two millions was set aside in the year 1834, which has accumulated now to about seven millions if sold at the present price.

1348. And it is calculated that it will in 1874 pay off the debt?—No, in 1874 it will probably amount to about 7½ millions, so that we have to supplement it in some way by 4½ millions. By that means we save 10 guineas per cent. which we pay on the capital.

1349. The payment to civilians in England before they go out, is how much?—Each candidate has 300 *l.* spread over two years.

1350. Is any care taken at all as regards the education of those candidates during those two years?—They have to pass other examinations.

1351. But otherwise they are left entirely to themselves?—I think they are.

1352. Is it not the fact that complaints are made, that these young men, instead of sticking continuously at work, idle to the last moment, and then get crammed for the examination?—No doubt they are open to disturbing influences like most other students, but I am not aware that in any peculiar degree they are subject to them.

1353. Do

1353. Do you know that there are one or two gentlemen who do cram these pupils in that way?—Yes; I am aware of it.

1354. And, in fact, I suppose you have heard that objection to the system?—I have.

1355. And no superintendence of any kind is exerted over those young men?—I am not aware that there is any; but with regard to that question, if the Committee should wish to go into it very minutely, it would be necessary to examine Sir Henry Anderson, in whose department all the arrangements are made.

1356. *Chairman.*] We will go on to the item of "Expenses on account of officers acquiring scientific knowledge," 2,915 *l.*; what particular officers are those?—That consists of allowances and travelling expenses mostly of military officers on special duty, with reference to ordnance and ammunition. It includes pay and allowances of Colonel Maxwell on special duty witnessing ordnance experiments, 1,888 *l.* as well as allowances for house rent to several officers studying musketry, &c.

1357. Mr. *Dickinson.*] How long was that service of Colonel Maxwell's?—From the 20th of February to the 19th of November 1870. It was India pay and allowances, he being regarded as on duty.

1358. Sir *S. Northcote.*] Was he sent home for the purpose?—Whether he was sent home on purpose I am not quite sure.

1359. *Chairman.*] Is it the practice, then, to allow the Indian pay of officers if they are employed on service in England?—It is so occasionally

1360. But on what principle is it that they receive Indian pay, when officers in the British army employed in England only receive English pay?—That is a military question which does not in any way come before me; it is determined in the Military Department.

1361. Mr. *Dickinson.*] Does it count as service?—In some cases it counts as service, and in others not.

1362. Mr. *Eastwick.*] When sent home expressly would it count as service?—I should say it would, as a rule, when sent home expressly.

1363. *Chairman.*] The next item is "Payments on account of scholarships founded by the Government of India to enable natives to complete their education in England," 1,600 *l.*; what is the principle on which these payments are made?—The Government of India, in order to encourage natives of India to acquire professions, and to qualify themselves, if they desired, for the Civil Service of India, determined to grant scholarships, some to be obtained by competition, some to be nominated from the higher class of the natives, and eight were sent home in the year 1869-70. This was the allowance granted to them, each scholar receiving 200 *l.* a year for three years, with 150 *l.* for passage and outfit, both coming from and returning to India. The scholars on arrival were at liberty to select the course of study that they wished to follow in Great Britain. Of the eight scholarships, one in Madras, Bombay, and Lower Bengal respectively, was awarded on the principle of competition; for the remainder the local governments and administrations were allowed to nominate sons of native gentlemen of rank and position. That system is not being continued, because under the Act of the 33 Vict. c. 3, power was given to the Government of India to appoint natives to the offices which had been kept separate for their covenanted servants, without their passing through the examination of the Civil Service Commissioners, and therefore one great object of this measure of sending home scholars was by that means rendered unnecessary.

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1364. Sir *S. Northcote.*] Were the scholarships given up?—Yes.

1365. *Chairman.*] What became of the scholars, do you know?—I am not certain whether these were among the natives who have passed the examination or not. Several natives passed into the covenanted service by competition. There are four in the covenanted service now, and three or four others are selected candidates after competition.

1366. Mr. *Fawcett.*] What was the object of establishing these scholarships; I presume that it was thought advantageous that young natives should come to study English institutions?—No doubt.

1367. Then if that was a desirable thing to do a few years ago, how is the desirable nature of the transaction diminished now, which I presume it is, as the scholarships have been abolished?—It seems only so far to have diminished that by a recent Act of Parliament, the Government of India can at once appoint these natives of India to the covenanted service, without their coming here to qualify to pass the examination of the Civil Service Commissioners.

1368. That does not meet my point. The establishment of these scholarships, as far as I understand you, was sanctioned by the government of the day, because it was thought desirable to encourage a certain number of young natives to become accustomed to English institutions in England; the abolition of the scholarships simply prevents their coming over here?—Yes.

1369. But is it less desirable now for natives of India to come to England to study English institutions?—I am not able to answer that. It is not a question that is disposed of in the Financial Department.

1370. Were you not aware that a promise was given in Parliament when the extreme inequality of the conditions under which the natives were placed in getting into the covenanted Civil Service was pointed out, that these scholarships should be increased instead of diminished in number?—I was not aware that there was any definite promise to that effect

1371. But you are aware that now these scholarships are abolished, natives are placed in a far more unfavourable position with regard to getting into the covenanted service than they were before they were abolished?—No; it seems to me that they are in a better position; they are no longer required to pass through the examination required of Englishmen.

1372. Sir *C. Wingfield.*] Has a single native been appointed under the Act that you have mentioned?—I believe not.

1373. That Act said that the Governor General was to frame regulations, and submit them to the Secretary of State; have any regulations been framed by him?—I am not aware that any have.

1374. Mr. *Fawcett.*] The only way for a native to get into the covenanted Civil Service is to make a long journey to England for the privilege of being examined in an examination in which he may not succeed?—If he desires to pass into the Civil Service in that way he must.

1375. That is the only way in which a native

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has passed into it?—Up to the present time, certainly, it is.

1376. Up to the present time no native ever has passed into it in any other way?—No.

1377. Therefore, am I not correct in saying, that natives are placed now, as a matter of fact, in a worse position than they have been for many years past, if they wished to get into the service?—Yes, if that Act should remain a dead letter.

1378. Therefore, as it has remained a dead letter, what I say is correct, up to the present time?—It is.

1379. The natives who enjoyed these scholarships, and who were assisted by them in living in England, and who were able by that means to go in for the Civil Service examination; did they not?—Whether they passed the very highest, I am not aware.

1380. One was the first?—I believe one was very high, if not the first.

1381. Speaking generally, they took very high positions?—They did.

1382. Therefore it is fair to suppose from that, that if a number of scholarships had been increased, a considerable number of natives of India would, from their ability, have been able to obtain a high place in competitive examinations?—I should not like to give a decided opinion on that point.

1383. As far as the experience of the experiment went that would be the case?—As far as it went it would seem so.

1384. Sir *D. Wedderburn.*] Do you know how many there were altogether who enjoyed the benefit of those scholarships, while they lasted?—I think only eight.

1385. *Chairman.*] The next sum is for the payment of "Agents at the outports and abroad," 1,097 *l.*?—We had agents at Malta and at Alexandra; but the posts are abolished.

1386. The next item is "Red Sea and Indian Telegraph moiety of annuity, payable to shareholders," 18,027 *l.*; what is the extent of that charge; how long will it last?—It will continue to the year 1908, under Act of Parliament.

1387. That is a fixed payment, winding up the relations between the Government of India and this Company?—Yes.

1388. Is the other half paid by the British Government?—It is.

1389. That is the result of a contract to lay down a telegraph from Suez to Kurrachee?—Yes; which failed.

1390. Then, under provisions of the contract you have to repay the cost by guaranteeing the annuity?—Yes; there had been a guarantee of 4½ per cent. on the capital of the company to induce them to undertake it, and when it broke down it was commuted into an annuity, which will be continued by Parliamentary sanction to 1908.

1391. Mr. *Fawcett.*] Was it commuted at 4½ per cent. upon the whole amount?—I have not looked into that to see what the principle of commutation was; the Act was passed in 1862.

1392. As this 4½ per cent. was guaranteed in that manner, the company, I suppose, had no interest whatever, whether the telegraph failed or succeeded?—Four and a-half per cent. is not a large amount of interest.

1393. But still 4½ per cent. is very good interest, when the money advanced half upon the security of the English Government and half upon the security of the Indian Government; it is above the current, is it not?—Yes.

1394. Therefore, you give them no inducement either to economy or efficiency of expenditure?—There was the inducement which the hope of a larger return would have afforded them.

1395. Do you know how it was that the whole of this money was lost through the bungling of the company?—No; that I am unable to answer.

1396. Do you know whether any securities were taken by the Indian Government?—The contract was made mostly by the Imperial Government; the Court of Directors acquiesced in 1858.

1397. After the contract?—There had been negotiations during the progress of the arrangement.

1398. As India had to bear half of the cost why should the Imperial Government have done more than the Indian Government in it: was it forced upon India at all?—Not forced upon them; the Court of Directors agreed to it.

1399. It has turned out a very disastrous affair, has it not?—Yes, it was a failure.

1400. Do not you think that the representatives of India ought to have interested themselves more; they left it all with the Imperial Government, did they not?—I am unable to say, without looking up all the papers, who was most to blame if any one were to be blamed.

1401. *Chairman.*] The Government had the right of nominating certain directors to look after the expenditure?—Yes.

1402. Mr. *Fawcett.*] Do you know whether, as the British Government had the right to nominate certain persons, the Indian Government had also?—This is a case in which, as financial secretary, I only know of the financial working of the matter; it is in Mr. Thornton's department.

1403. *Chairman.*] There is an item of "Subscriptions to Charities, &c., 949 *l.*;" are those donations paid by the Secretary of State?—Yes; they are, for the most part, institutions that had been encouraged by the Court of Directors, and which the Secretary of State continues to aid; there is a donation to the Soldiers' Daughters' Home, 50 *l.*; another to purchase three children into the institution from funds at the credit of the Warley Compassionate Fund (of which we took the capital), 279 *l.*; to the Marine Society, 105 *l.*; to the Strangers' Home for Asiatics, 200 *l.*; to the Seamen's Hospital, 105 *l.*, and to the Royal Asiatic Society 210 *l.*, making 949 *l.*

1404. Then for the Indian Law Commission there is a charge of 1,849 *l.*?—The greater part of that was for the salary of the secretary to the commission; it is now at an end.

1405. What was that commission?—It was the commission which was appointed to prepare drafts of laws to be sent to India.

1406. Then there is the item of "Cost of Medals, 6,299 *l.*;" is that for the medals supplied to the army?—Yes, the India medal for frontier services.

1407. What are the "Books and newspapers supplied to India," which make an item of 530 *l.*?—The books and newspapers supplied to India that are included in this list are the "Overland Mail," "Hansard's Debates," "Indian Army List," "Shipping Register," &c.

1408. Then the next item is 1,514 *l.* for "Books and maps relating to India." What are those?—Five hundred copies of the fifth volume of the "Rig Veda" were included in that charge, also the "Index to Appeal Cases," "Kaye's

Sepoy

Sepoy War," "Cunningham's Ancient Geography of India" "Sir Henry Elliot's Glossary of Indian Terms," and grants also for the preparation of maps.

1409. Are the maps for the Survey Department published in India or in this country?—I believe that they are published here, but I am not sure.

1410. Then we have the "Archæological Survey in India," "Kashmir and Muttra series of Illustrations," "Casts of Gateway of Sanchi Tope and of Buildings at Delhi and Futtehpore, Sikri, &c," 1,808 *l.*; why are those paid for in this country rather than in India?—They were prepared by Mr. Cole, of the Royal Engineers, and the casts were made here. There is a credit in this year's receipts on the other side of the account of 1,800 *l.* received from the Science and Art Department at South Kensington, from which department we shall recover the cost of three out of the four casts; and the fourth, which we shall pay for, is to be presented to the French Government.

1411. The next item is, "Expenses incurred in experiments on cotton from India," 500 *l.*, what are those?—They are the expenses on account of the cotton experiments which have been just completed at Manchester under the direction of Dr. Forbes Watson.

1412. Then there is an item of "Allowances to Mr. D. Fitzpatrick, Bengal Civil Service, whilst in England on special service in connection with appeals from India, in which the Secretary of State is respondent," 1,600 *l.*; can you explain that item?—There were two very heavy appeals from India, one being the Dyce Sombre case, and the Government of India thought it necessary to send home Mr. Fitzpatrick who was well informed on those questions to aid the counsel, and determined that while he was in this country, he should be granted his full pay and allowances of 1,600 *l.* a year.

1413. Sir *S. Northcote.*] What is the sum of money involved in that suit?—It is difficult, I believe, to state what is the amount involved.

1414. It is a very large amount, I suppose?—Very large.

1415. *Chairman.*] I presume that the Privy Council would have to decide on the records submitted to the court; what good, therefore, would Mr. Fitzpatrick be able to do?—I am unable to answer that; it is a judicial question.

1416. With regard to the item of 1,555 *l.* for "Passage home and allowances of two officers appointed to attend His Royal Highness the Duke of Edinburgh to India, and balance of sums due for cost and freight of presents," why was that charge made?—I am unable to answer why. It was considered by the Secretary of State in Council and they determined to place certain presents at the disposal of the Duke.

1417. But I mean why should they pay the passages of officers appointed to accompany him to India?—They thought it desirable.

1418. Mr. *Dickinson.*] Are all those paid out of the Indian revenues, and none recovered from the Imperial revenues?—I think that none have been recovered from the Imperial revenues.

1419. Mr. *Fawcett.*] What did the Duke's visit cost the Indian people in direct charges?—There was a sum of 10,088 *l.* included as a charge in the Home Accounts of 1869–70, and there is this sum of 1,555 *l.* in 1870–71; but I am informed that a very large portion of the presents remain in Calcutta to be used on some other occasion when required; and that the value of those given by the Duke was comparatively small.

1420. Still I understand the nature of the transaction to be this, that we send out an English Prince to visit India, and we make the Indian people whom he visits pay the expenses of his travelling companions from England, and we also make them pay the expense of the presents which he gives while he is in India?—Yes, such appears to be the fact.

1421. How much were the travelling companions paid by the Indian people?—The amount was very small; I have not a statement of it; the arrangement was made in the political department, and it is a question of a somewhat delicate nature.

1422. But is not this the fact, that two officers went out from England to India to meet the Duke, and that they have actually charged the Indian people the travelling expenses of these gentlemen who went from England to India; taking the accounts of last year, it appears that the Indian people have to pay the travelling expenses of the companions to the Duke, both from England to India and from India back, according to the statement of the account?—I believe that is so; but I should like to furnish a statement, rather than that it should be taken from my evidence; it is particularly a question on which I should not like to be inaccurate.

1423. Sir *S. Northcote.*] Are you aware whether the two officers in question were officers of the Indian Service?—One was Sir Neville Chamberlain, and the other Captain Clerk.

1424. Were they practically selected by the Secretary of State for political reasons, with a view to their being able to accompany his Royal Highness, and to give him advice on his communications with the natives?—I believe they were so selected.

1425. Mr. *Fawcett.*] How long have you held your position of Financial Secretary in the India Office?—Since 1859.

1426. These accounts are evidently stated in great detail, because small items are put down in the accounts; that has been the case for a good many years, has it not?—I understand you to refer to the accounts presented to Parliament. We are furnishing them in greater detail than formerly, because it appears to be the desire of Parliament that they should be so furnished.

1427. As recently as six years ago the accounts were stated in considerable detail, were they not?—Yes.

1428. I suppose the accounts at the India Office would show me the exact cost of the Sultan's ball?—Yes; it is stated in the accounts for 1867–68 at 11,513 *l.*

1429 *Chairman.*] The next item to which I will call your attention, is this: "Expenses in connection with the establishment at Bombay, of works for the manufacture of 'Ransome's Patent Concrete Stone,'" 474 *l.*; has this experiment of taking Ransome's concrete stone originated in this country, or at the request of the Government of India?—The Government of Bombay had on two occasions instituted experiments which had failed previously to the arrangement made for sending out a superintendent from Ransome's Company; and it was in communication with the Government of Bombay, that it was determined to try what the effect would be of placing him in charge of works there.

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1430. Was it at the request of the Government of Bombay, or did it originate at the India Office?—I think that to a certain extent it originated in the India Office.

1431. Sir *D. Wedderburn.*] I find at page 5 of the item, "Maintenance in Western Australia of convicts transported from India," 276 *l.*; are those European convicts?—All European convicts. We no longer transport them; these were sent many years ago; the charge is for the maintenance of six convicts, one being a lunatic.

1432. Then with regard to the introduction of the cinchona plants, there is an item here of 478 *l.* in connection with that; is this in connection with the importing of the plant from Peru, or how does it happen?—Yes; it is a sum expended in this country.

1433. How does it come; is it because they are getting fresh plants in America?—It consists of remuneration to a Mr. Cross for collecting cinchona seeds 200 *l.*, and expenses incurred by him 238 *l.*; freight and other expenses of transmitting the plants to India, 25 *l.*; and another small item.

1434. I wanted to know if they were sent from Peru?—Obtained from Peru and sent to India.

1435. Mr. *Fawcett.*] Will you kindly give a little more explanation of that item about Ransome's concrete stone?—It would probably save the time of the Committee, and they would get a fuller explanation if they examined Mr. Thornton on that point.

1436. Is it part of your duty as Financial Secretary to protest against any expenditure which you think ought not to be thrown on the people of India?—It is my duty on all matters that come before me in the Financial Department to submit any explanation or suggestions to the Secretary of State that may seem right to me.

1437. Did you make any complaint to the Secretary of State when you saw that the Indian people were to pay these travelling expenses of the companions of the Duke of Edinburgh?—No; the arrangement was not made in the Financial Department.

1438. Whose duty was it to make the protest?—It is hardly the duty of a secretary of a department to protest to the Secretary of State upon any point.

1439. But whose duty was it to point that out to him?—The arrangement was made in the political department of which Sir John Kaye is the secretary.

1440. Do you know whether that return about the number of officers now in England to whom India is paying, which was promised to us the other day, has been furnished from the Horse Guards yet?—Sir Thomas Pears has undertaken to obtain it. He has not communicated with me on the subject, but I will ascertain whether it is ready.

Tuesday, 12*th March* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Crawford.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. THOMAS LAWRENCE SECCOMBE, C.B., re-called; and further Examined.

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1441. *Chairman.*] WILL you be good enough to look at the account which has been handed in to us of the Transport Service, and explain why no entry appears in it for the wear and tear of the three vessels employed in India?—I will.

1442. Mr. *Fawcett.*] It does not appear that the Admiralty contribute anything to wear and tear. You said that they did, but I cannot discover that they do?—I believe the evidence to which you refer was given by Mr. Richardson, from the Admiralty, not by me. On looking at the account afterwards, I saw that the charge to the Admiralty was included.

1443. Mr. Richardson represents the Admiralty, does he not?—Only that portion of the Director of Transports' Department which is really to be regarded as consisting of our own officers.

1444. But still Mr. Richardson is in the English Civil Service, and you in the Indian Civil Service?—It is so.

1445. Therefore I may take Mr. Richardson as representative of England, and you of India; and it appears to me that I would not prove, as I said before, to the Indian people, from the accounts that have been laid before Parliament, that the Admiralty does contribute its proper amount to the wear and tear of these ships?—I see in this statement which is now before the Committee, that there is a charge for wear and tear of 13,000 *l.* debited to the Admiralty.

1446. Sir *T. Bazley.*] In Paper No. 31 of the Appendix, there is a list of pensions and retired allowances; amounting to 215,364 *l.* 10 *s.* 11 *d.*; are those pensions in course of extinction?—Many of them are; some of them will be renewed. Pensions granted to members of the Home Service will continue; but the pensions that were granted on the amalgamation of the establishments of the East India House and India Board, and on the abolition of the Commercial Charter of the East India Company, and to professors at Haileybury and Addiscombe will expire. The Uncovenanted Service of India pensions will continue.

1447. By renewals?—By renewals.

1448. Are any of the gentlemen enjoying these pensions in employment in this country under the Secretary of State for India?—No; I am not aware of any instance of a gentleman who has been pensioned from the Uncovenanted Service since the transfer of the Government being now in the Government employment in this country.

1449. None of them are members of the Council, then?—Not any.

1450. *Chairman.*] Is not Sir Henry Anderson, for instance, in receipt of a pension?—Not of one of the pensions classified here. He is in receipt of a Civil Service annuity from the Annuity Fund, the value of which he paid to a certain extent; and there are members of Council in receipt of similar annuities.

1451. Sir *T. Bazley.*] Can you give us an account in detail of all pensions, with the occupations, of the persons holding them?—So far as they can be ascertained.

1452. Mr. *J. B. Smith.*] I see that there is an item, "Pensions for judicial services under various Acts of Parliament," 19,000 *l.*; and there is a list in detail of those pensions; are not some of those members now engaged in offices in this country?—Yes; Sir Erskine Perry is.

1453. Is not Sir Barnes Peacock?—I believe not.

1454. Is not Sir Edward Ryan?—He holds the office of a Civil Service Commissioner.

1455. Does he receive any pay for that in addition to this pension?—Whether as a Civil Service Commissioner he has a salary, I do not know.

1456. Sir Erskine Perry is down for a pension of 1,600 *l.* a year?—Yes.

1457. Does he receive that pension in addition to his salary as a member of the Council?—He does.

1458. Sir *T. Bazley.*] Are there any instances of gentlemen who have been employed in India enjoying Indian pensions at the present time who have been subsequently employed in the Home Department, and have retired, receiving pensions for Home Service only?—Mr. Hawkins, the late judicial secretary in the India Office, received a pension on his retirement, being entitled at the same time to an annuity from the Civil Service Annuity Fund.

1459. Will you let us have, if you please, a statement of those double annuities and pensions,

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so that we may ascertain what the amount given in pensions is, and to what purpose it goes?—Yes.

1460. Mr. *J. B. Smith.*] I should like to know whether the custom in India differs from that in England. In England, when a gentleman receives an appointment to any office, his pension ceases during that appointment; he does not receive both his pension and the pay of his appointment?—That is so.

1461. Does the Indian custom differ from that?—It does in some respects; I speak from recollection; but I believe military officers who have retired from the Military Service upon the pension of their rank, without producing evidence of incapacity from ill-health, are allowed to retain their military pay in addition to the salaries of any offices which they fill.

1462. That is to say, they receive their military pay from India?—From India.

1463. From whom do they receive the salary?—From India also.

1464. And that is the case with the judges also?—Judges being granted pensions by law, there appears to be no power to withhold the pensions from them, if subsequently appointed to office in this country.

1465. Then the custom of India differs from that in this country in this respect; that in this country, when a man gets an office, his pension is held in suspense during the time that he holds that office, whilst in India they obtain not only their pension, but the pay of the new office?—Yes, in certain cases.

1466. *Chairman.*] If a person, after being pensioned in India, obtained a new office in India, do you know whether there is a rule there that would prevent his having his pension?—I think the general rule is to deduct the pension from the pay; but in certain cases, such as those I referred to just now, officers are allowed to hold appointments and draw both their pensions and the pay of their appointments.

1467. Sir *S. Northcote.*] Do you remember what arrangement was made in the case of Lord Lawrence going out as Governor General, with regard to his pension; he had a special pension granted him, had he not?—Lord Lawrence was in the enjoyment of a special pension. There is a provision of the law, that if a Governor General shall enjoy a pension under the Crown or East India Company, the salary of his office shall be reduced by the amount of the pension, and an Act was passed in 1864 permitting him to draw his full salary without deduction on account of that pension.

1468. Sir *C. Wingfield.*] There was a special Act enabling him to draw his pension while Viceroy?—Yes.

1469. Mr. *Fawcett.*] I wish to know if I rightly understand you; to take, for instance, one case, Sir Erskine Perry is getting 1,600 *l.* a year in addition to his pay as a counsellor; and when he has served so many years as a counsellor, will he get his pension as a counsellor?—There is no doubt he may, the payment of the pensions being provided for by law in both cases.

1470. *Chairman.*] That will be in consequence of the usual provision regulating pensions being carefully omitted from that Act?—It was omitted. A Return as regards the Council was presented to the House of Commons about three or four Sessions ago, showing the ages of the members of Council and some of the particulars asked for.

1471. Will you be good enough also to put in a memorandum stating precisely the terms upon which the Civil Service Annuity has been maintained, how far by contribution of the Indian revenues, how far by contributions from the annuitants themselves out of their salaries, and also what rate of interest, by way of contributions, the Government of India has been in the habit of allowing for funds that belong to those Civil Service Funds invested in the hands of the Government of India, and whether that was an exceptional rate of interest over and above the current rate?—Yes.

1472. Mr. *Dickinson.*] Do you know whether there are any persons employed in the India Office receiving pensions from the English Government?—There are one or two gentlemen who have been granted pensions by the Imperial Government, and whose pensions have been stopped pending their employment in the India Office.

1473. *Chairman.*] Perhaps you will add those to the statement that you are going to prepare for us?—I will.

1474. Taking the four items at page 11 of, "Loans contracted in England," will you explain the different natures of these stocks on which the interest is payable in this country, and why it is payable in this country?—The first consists of East India Bonds, which were securities issued originally by the East India Company, and continued; the amount now outstanding is nearly 4,000,000 *l.*, and the interest is the amount here stated, 159,868 *l.*; they are payable on 12 months' notice by the holders at any time.

1475. They represent floating debt in this country?—They do.

1476. Mr. *J. B. Smith.*] What interest is paid upon that?—Four per cent. The next item consists of India Debentures, issued originally in 1859, and renewed in 1866. They amount to 4,995,000 *l.* at 5 per cent., and will fall due on the 16th of August 1873. The next item is that of India Five per Cent. Stock; it amounts to 17,200,000 *l.* We have the option of paying that off on the 5th July 1880. The Four per Cent. Stock amounted on 31st March 1871, to 11,410,000 *l.*; now it amounts to 12,800,000 *l.*, and we can pay that off on the 10th of October 1888.

1747. *Chairman.*] Have all these various securities been issued under the provisions of particular Acts of Parliament?—Yes.

1478. Which regulate all the terms and conditions?—So far as giving the East India Company or the Secretary of State power to issue securities in certain forms, and to pay the interest in this country.

1479. Under these various Acts do you know whether, at the present time, there is any balance which might be issued?—We have, under the last Act, a balance of nearly three millions which we might issue; but if issued at all, it must be done during the present Session of Parliament, or the power will expire, and we do not at present contemplate issuing any during the present Session.

1480. Have these later issues been made to pay off the debt previously contracted in this country or in India, or have they been issued to make good the deficiency arising from excess of expenditure in India?—They have been issued to make good deficiencies in the income to meet the total expenditure. They had

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had their origin for the most part in the expenditure consequent on the Mutiny:

1481. Mr. *J. B. Smith.*] What is the date of the last loan?—It was first raised in 1863 under a notification of the 10th of July in that year. We have issued in almost every year since 1867–68 a certain amount of that stock.

1482. You are continually borrowing money to meet deficiencies?—If required; we are not borrowing now.

1483. *Chairman.*] Have you a statement there showing the growth of this Home debt under these various stocks; apart from the issues for repayment of previous loans, can you show the annual growth of this debt, the actual increase, after deducting repayment of previous loans, if any?—I have a statement, but not in a convenient form to put before the Committee; I will prepare such a statement if you please.

1484. Mr. *Crawford.*] Did I rightly understand you to say that only 3,000,000 *l.* of your powers remain unexhausted?—Yes.

1485. You have to undertake those powers that enable you to raise funds for the construction of State railways?—Still, we have exhausted all but 3,000,000 *l.*

1486. How much have you raised for State railways?—The last loan of 8,000,000 *l.* was obtained when it was anticipated that one-half would be expended on State railways and irrigation works; but State railways have not yet amounted to any considerable sum.

1487. Then you will be obliged to seek powers to raise more money for the construction of State railways, having used some of the powers for other purposes?—Hardly so, because our balances are very large; our expenses have not been so great as we expected, and therefore we have large balances, of which a portion can be employed in the coming year to meet the expenditure on State railways and irrigation works.

1488. That 4,000,000 *l.*, therefore, will still be available?—Our cash balances will be available for that purpose, but the power to borrow will be lost to us after this Session.

1489. *Chairman.*] Do these Acts which have been passed contain powers by which loans, if once paid off, can be re-borrowed?—They contain such powers, and we have acted on them to accumulate the amount which is shown in our Four per Cent. Stock.

1490. Mr. *Fawcett.*] The debt has been continuously growing ever since the East India Company was abolished?—Yes.

1491. Has there ever been a year in which there has been a decrease of debt?—I think there were two or three years in which there was a net payment of debt.

1492. Can you tell me what has been the increase of debt since the year when the East India Company was abolished?—I cannot without preparing a statement. In the year 1857–58 we borrowed 6,003,000 *l.*: in the following year, 1858–59, 6,887,000 *l.*; in 1859–60, 12,805,000 *l.*; in 1860–61, 4,664,000 *l.*; in 1861–62, 4,995,000 *l.*; in 1862–63, we did not borrow any. In 1863–64, we borrowed 2,441,000 *l.*; in 1864–65, we did not borrow; in 1865–66, we borrowed 882,000 *l.*; in 1866–67, 2,731,000 *l.*; in 1867–68, 1,164,000 *l.*; in 1868–69, 1,534,000 *l.*; in 1869–70, 4,039,000 *l.*; and in 1870–71, 2,423,000 *l.*

1493. So that in 13 years you have borrowed 50,000,000 *l.*, according to your figures?—No, not so much; those figures, reading them as I have done, require adjustment, by deducting the amount paid off in each year.

1494. *Chairman.*] What is the total represented by this interest of 1,659,000 *l*, which we find at page 11 of the Accounts?—The total represented by that is about 40,000,000 *l.*

1495. Mr. *Fawcett.*] Does 40,000,000 *l.* represent the net amount that has been borrowed in these 13 years?—The sum borrowed in England does not amount to so much. The East India Company had some India bonds outstanding at the time of the change of Government; I think about 4,000,000 *l.*

1496. Can you give me approximately the net amount by which the debt has been increased since that time?—I think it has been increased about 32,000,000 *l.*; that is, the Home debt.

1497. But is it not rather strange that on this very important fact you cannot give me a positive answer as to the increase of the debt; surely it must be a fact that has been brought to your attention?—The existing state of the debt is constantly before me.

1498. You cannot tell me at present, even roughly within a few hundred thousands, what the net increase has been?—£. 32,000,000.

1499. But I thought you said "I think," implying a doubt?—Perhaps I ought not to have used those words.

1500. Then, according to that, the average deficit in the finances of India since the East India Company was abolished, is about two millions and two-fifths a year?—It would be necessary to take all the transactions in India, as well as England, into account to show what has been the result of those years.

1501. But if you take all the transactions that have taken place in India into account, would that make the account appear more favourable, or the reverse?—We have not borrowed very largely in India since the year in which the change of Government was made; and it is necessary to bear in mind, in dealing with these figures, that it has been held for some time past now that India is to borrow for Public Works Extraordinary; that is, for irrigation and State railways; and the borrowing on that account is included in the figures which I have given.

1502. But still I want to get at this fact: you have increased the debt in England by the amount you have borrowed during these 13 years to the extent of 32,000,000 *l.*?—Yes.

1503. Has that amount been perceptibly decreased by reducing the debt in India; the debt has not been reduced in India, has it?—No, it has been increased by borrowing in India since the change of Government.

1504. Then I am correct in saying that the annual average amount you have borrowed comes to 2⅖ths millions, does it not?—It may probably be so.

1505. There have only been two years since the East India Company was abolished in which there has not been considerable borrowing, according to your statement?—Only two or three years.

1506. I think you will find, will you not, that during those two years the expenditure was only adjusted and the equilibrium maintained by bringing an unusual amount of miscellaneous receipts?—Those years were 1862–63, and 1863–1864.

1507. Do you know whether that is the case or not?—No, I have not brought any papers with me relative to that point, evidence with reference to

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to it having been taken before the Committee last Session.

1508. This large increase of debt does not include the liability which India has incurred from guaranteeing companies, does it?—It does not.

1509. What is the annual loss or the annual charge upon the revenues of India arising from those guarantees?—It varies very materially.

1510. What was it for instance last year or the year before?—In 1868–69 the guaranteed interest which we had to pay after deducting the net traffic receipts amounted to 1,700,000 *l.*; in 1869–70 it amounted to 1,547,000 *l.*, and in 1870–71 it was 1,834,000 *l.*

1511. So that taking the average of those three years it is about a million and three quarters?—Yes.

1512. *Chairman.*] Is that railways alone?—Railways and other guaranteed companies.

1513. Mr. *Fawcett.*] Does that represent a charge on a debt of about 40,000,000 *l.* at 4 per cent.?—Yes.

1514. Therefore, to put it properly, the increase of charge arising from the increased indebtedness which India has been involved in, since the East India Company was abolished, is about the same as if she had borrowed 70,000,000 *l.* additional?—Yes, adding, in respect of the 1¾ millions, 40,000,000 *l.* for railways, to 30,000,000 *l.* for increase of debt.

1515. Can you tell me what was the whole debt of India at the time when the East India Company was abolished?—No; I have no papers with me to show that, and I cannot speak from memory.

1516. What is it to the present time?—On the 30th of September 1871, including Treasury notes, the debt was about 70,000,000 *l.* in India; that which is termed the registered debt amounted to 66,361,000 *l.*

1517. Mr. *Dickinson.*] Taken at 2 *s.* the rupee?—Yes.

1518. Mr. *Fawcett.*] What, then, is the whole debt?—There is a Statement before Parliament which shows, under the several heads, the total indebtedness of India; it is No. 32 of the present Session. From this Statement it appears that the total indebtedness in India, on all accounts, on the 30th of September 1871, was 85,873,000 *l.*; the total indebtedness in this country, on all accounts, on 31st December 1871, was 43,272,000 *l.*; but those sums include items which are not permanent debt.

1519. That is 130,000,000 *l.*?—Yes. What we regard as permanent debt is about 106,000,000 *l.*

1520. Mr. *J. B. Smith.*] That is exclusive of railways?—Entirely exclusive of railways.

1521. Does it include also sums advanced for irrigation?—That is our indebtedness; by becoming indebted to this amount we have defrayed the expenditure on irrigation.

1522. Mr. *Fawcett.*] You know, approximately, what the debt was when the East India Company was abolished, I suppose; has not the debt of India increased in 13 years something like 70 per cent.?—Not so much as 70 per cent.; it has increased from something like 70 millions to about 106 millions, speaking from memory.

1523. *Chairman.*] According to the account published by the Home Government of India, it would seem that in 1860 the total English and Indian debt was 98,100,000 *l.*; the next year it grew to 102,800,000 *l.*; so that the chief increase in the debt was immediately consequent on the Mutiny before 1860?—In one year subsequent to the Mutiny, 1859–60, we raised in England upwards of 12,000,000 *l.*

1524. Mr. *Fawcett.*] But although you raised a large sum in that year, you have raised considerably over 4,000,000 *l.* in one year, namely, 1869-70, have you not?—We raised in 1869-70 4,039,000 *l.*, but in the same year we paid off half a million, which left us 3,500,000 *l.*

1525. At what rate did I understand you that you were borrowing money at the present time?—In England at something less than 4 per cent.

1526. How is it that, if you can borrow money at 4 per cent., you guarantee 5 per cent. to private companies; it is exactly the same security, is it not?—It is not exactly the same; our 4 per Cent. Stock is dealt with at the Bank of England exactly in the same way as the Reduced or Consolidated Annuities, and partly on that account, I apprehend, and partly because the other has the title of railway attached to it, our stock is a greater favourite with the public.

1527. But still, if the thing was properly explained to the public, the security of the two is absolutely the same, is it not; whatever the public estimation is, each is secured upon the revenues of India?—Each is secured upon the revenues of India, but there are certain conditions attached to the railway property which are not attached to the India Stock.

1528. But do not you think the real reason is (and that it is an important question), that so far as the money which has been borrowed by the Indian Government is concerned, England is in some way answerable *for it*; that is the reason why you can borrow money at a lower rate on Government security, is it not?—I am unable to give a definite answer as to the reasons which actuate people.

1529. Mr. *Crawford.*] Is not the real reason that these contracts with the railway Companies were entered into years ago when money was not so plentiful?—Yes.

1530. Mr. *Fawcett.*] What is the date of the last company to which you have guaranteed 5 per cent.?—That will be a question for Mr. Danvers to answer.

1531. You have guaranteed 5 per cent. to private companies within a recent time, have you not?—Within a few years we have, I believe.

1532. At the time when you were guaranteeing 5 per cent. to private companies, you were able to borrow money on your securities at a very considerably lower rate of interest, were you not?—Yes; no doubt we were able to borrow somewhat lower.

1533. At the time when you were guaranteeing 5 per cent. to a private company in the City of London, you could borrow as much money as you wanted in the City of London at 4½ per cent.?—We could borrow as much as was then required. Before leaving this point, perhaps the Committee will allow me to mention that down to the year 1863 we were obliged to pay 5 per cent., and in several instances more than 5 per cent., for the money which we borrowed.

1534. Mr. *Cross.*] Take the whole money you have borrowed, and take the whole money borrowed in England to begin with, how much of that is borrowed at 5 per cent.?—£. 17,200,000 of stock, and 5,000,000 *l.* of debentures.

1535. Mr. *J. B. Smith.*] What is the date of that?

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that?—The 5,000,000 *l.* of debentures are from 1866; the 5 per Cent. Stock from 1859.

1536. Mr. *Cross.*] Then how much is at 4 per cent.?—£. 12,800,000, and the India bonds are at 4 per cent.

1537. Sir *S. Northcote.*] When did you begin borrowing at 4 per cent?—So far as regards the stock we began in 1863 At an earlier period, in 1859, we borrowed on 4 per cent. debentures, but then we borrowed at a discount.

1538. Mr. *Cross.*] That would be equivalent to borrowing at 5 per cent.?—It probably was equivalent to that.

1539. About the money you borrowed at 5 per cent., that money which was borrowed on debentures after a certain number of years would fall in?—Yes.

1540. Then you hope to borrow the same amount of money at a lower rate?—We certainly could do so now.

1541. Have you, by being able to borrow money at 4 per cent. instead of 5 per cent., been able to reduce the interest of your debt much up to the present moment?—Yes; a large operation was carried out last year, when, consequent on the state of our cash balances, and the prices of our 4 per cent. securities, we obtained the conversion of about 13,000,000 *l.* of debt at 5 per cent., into debt at 4½ per cent for 7 years, and thenceforward at 4 per cent

1542. I think you have 4,000,000 *l.* of cash balances at the present moment?—Not in England; about 2,500,000 *l.* now.

1543. Is it necessary to keep them so high?—We consider it quite necessary.

1544. Do you think you will have to borrow money?—We shall not have to borrow money at present, because the balances in India are large.

1545. Then you do not want to keep the cash balances so high as they are?—We consider that we should have a balance in England of 2,000,000 *l.*

1546. Sir *C. Wingfield*] It is not quite correct, is it, to say, that it is the same thing whether the Government gives a guarantee of a certain rate of interest to a railway or borrows money at the same rate; because, supposing that the railway when constructed did not pay its working expenses, then the shareholders would not get 5 per cent.?—That is so.

1547. Mr. *Crawford*] At what rate are you now selling your stock?—We are not selling any now, and have not sold any for some months.

1548. At what rate did you sell the last?—I think at from 102 *l.* to 103 *l.* for 4 per cent. stock.

1549. Are you aware what the price of the most popular railway companies stock in the market is?—No.

1550. If the price of the most popular Indian Railway Stock in the market is 109 *l.* or 110 *l.*, are not the relative quotations of the debt which the Government has contracted, and of the stock of the railway company in the market a test of the public estimation attaching to the security?—Certainly.

1551. Sir *S. Northcote.*] With reference to the question of the honourable Member for Gravesend, has there been any instance of a railway company not paying its working expenses, and a diminished amount being, therefore, paid the shareholders below 5 per cent.?—There was an instance in the year 1869–70, in which an amount was received from one branch of the East Indian Railway, the Jubbulpore branch, but as to all railway questions, which do not come into my department, Mr. Danvers will give information.

1552. My question was, whether there was any case in which, in consequence of the line not paying its working expenses, it is within your knowledge that the shareholders of that line got less than 5 per cent.?—I am not aware of any case.

1553. Mr. *Fawcett.*] And, on the other hand, there have been one or two instances of the shareholders getting more than 5 per cent., have there not?—Yes.

1554. Sir *C. Wingfield.*] In that Mutlah Railway the receipts did not amount to the working ing expenses, did they?—I do not know.

1555. Mr. *Beach.*] At what rate is money borrowed in India?—They have not borrowed in India now for some time. The India Four per Cents are at about 2 discount

1556. But money can be borrowed in England at a more favourable rate than in India?—Rather more favorable, but there is not much difference; not nearly so much as there used to be.

1557. The Four per Cent. Stock is very nearly at par at present, is it not, because I see under the head of "debt incurred" of proceeds of sale, 2,410,000 *l* are 2,423,000 *l.*?—Yes, we sold most of our Four per Cent at a slight premium.

1558. Have there been great efforts to prevent this accumulation of debt from time to time?—Every effort has been made to keep down expenditure and to increase the revenues as far as consistent with security.

1559. Mr. *Dickenson.*] You omitted one of the terms which makes the India Stock a better price in the market, which is, the trustees can invest in it?—They can.

1560 And I think, in calculating your 32,000,000 *l.*, as borrowed in this country, you include the 7,000,000 *l.* which is available to pay off the East India stock?—No, not the capital stock of the East India Company.

1561. You have the 7,000,000 *l.* now in hand to pay off the East India Stock?—Yes, but that we do not take account of as an asset at all; that is the accumulation of the guarantee fund of 2,000,000 *l* set aside in the year 1834 out of the East India Company's commercial assets, which has been accumulating up to this time, and which will probably amount, on 30th April 1874, to about 7,400,000 *l.*

1562. What is the rate of interest which you receive on your cash balances?—We are receiving now 2 per cent.

1563. Mr. *Eastwick.*] When can the transfer loan be paid off?—We can pay it off in India in 1874; in England we can pay it off in 1875, but we have the option of postponing payment for one, two, or three years subsequent to that date.

1564 What is the interest on that?—Four per cent,

1565. Are there any advantages besides the 4 per cent. in England?—Being an Indian debt it is regarded as an advantage that holders may receive their interest, and have the principal paid off in this country at a fixed rate of exchange, 2 *s.* 1 *d.* the sicca rupee.

1566. There will be a gain of a penny, then, on the rupee, will there not?—It is payable in England 12 months after date, which takes away one penny.

1567. Mr. *J. B. Smith.*] That is to say, you give an order on India 12 months after date?—No, holders in India may either obtain bills at the

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the rate of 2 *s.* 1 *d.* the sicca rupee, those bills being payable 12 months after date, or they may transfer to England and receive the amount at the dates to which the bills would run.

1568. Mr. *Grant Duff.*] With regard to questions which have been put to you about the increase of the debt since the days of the East India Company, rightly or wrongly there was no reproach that was so often brought against the East India Company as that it did not do enough to develop the resources of India?—That was so.

1569. And there is still a very influential school, which considers that the Government of India does not do enough even now to develop the resources of India?—No doubt; and the pressure upon the Government of India in consequence is at times inconvenient.

1570. Then you would say, I presume, that successive Secretaries of State have held a middle course between these two extreme opinions?—They have; not restraining public works, but requiring that they should be carried out with economy.

1571. Mr. *Crawford.*] A statement was laid before Parliament about two years ago, showing the whole amount of the Indian debt, and its sub-division through the three Presidencies according to the holdings, and a further subdivision into the amounts held respectively by Europeans and natives?—Yes.

1572. The whole amount of the debt was 62,827,000 *l.*; out of that there is an item of 9,555,000 *l.*, with respect to which it is stated, "Balance of principal not presented for interest;" are we to understand by that, that so large amount of the whole debt remains dormant, and that no claim for interest is made upon it?—No. It was a statement prepared on the basis of the interest paid on each loan at the treasuries throughout India during the half year. The remainder not having been presented during the half year, and the securities being in the form of notes transferable by endorsement, it was not practicable to do more than estimate what proportion was held by natives.

1573. This is not a temporary periodical statement; it is a "Statement showing the proportion of the registered debt of India, as held by Europeans and natives respectively, prepared on the basis of the interest paid on each loan at all the Presidencies throughout India during the half year"?—It is.

1574. Then we are not to receive this as an indication that so large an amount of public debt remained dormant without any interest being paid on it?—No; only that on that portion interest had not been claimed during that half year, and consequently that they had not the means of ascertaining how much was held by natives and how much by Europeans.

1575. *Chairman*] I think you explained, at the last meeting of the Committee, that the East India Stock would be redeemable in two or three years?—Yes, in 1874; then we shall have 7,400,000 *l.* towards meeting the 12,000,000 *l.*

1576. Then that would be converted into ordinary debt; if the East India Stock is paid off, it will have to be converted into ordinary debt?—We shall probably raise stock to the amount of about 4,600,000 *l.*, unless our balances will bear reduction.

1577. How much do you expect to save, as the result of that?—We are paying 10 guineas per cent. now on 6,000,000 *l.*; that is, 630,000 *l.* a year, and the interest at 4 per cent. on the amount we might have to borrow would probably be only 180,000 *l.*, so that we shall save 450,000 *l.*

1578. At present you receive the income from the 7,000,000 *l.* invested, do you not?—No, it accumulates; it is re-invested.

1579. Mr. *Grant Duff.*] We shall receive a clear gain of 450,000 *l.* a year?—About that sum.

1580. Sir *T. Bazley.*] In regard to the question asked by the Under Secretary of State, I should like to obtain a statement of the amount expended during the last two or three years on public works, such as barracks and unproductive investments; and on the other hand a statement, showing the amount invested in reproductive works during the same period, could that be furnished?—There would be some difficulty in preparing that statement, because although in regard to barracks we can show the amount expended, many of these works which are termed reproductive, will not prove to be so.

1581. *Chairman.*] Perhaps it might be divided in this way, works tending to promote the industry of the country, and works connected with civil and military administration, such as prisons and barracks, and other works of that kind?—Yes.

1582. Mr. *Fawcett.*] With regard to these loans, are we to understand from your answer that all of them have been devoted to public works, whether reproductive or unproductive?—No.

1583. A considerable portion of the loans on which we have been examining you, represents, does it not, annual deficits?—Certainly.

1584. Then the question put to you by the Under Secretary of State for India, would produce a wrong impression, would it not, when he asked that a considerable amount of this debt does not represent money that has been invested by the Government of India in developing the productive resources of India; the fact being that it simply represents the extravagance of the Government, or the excess of expenditure above revenue?—The question was not put to me in that form.

1585. But what I say is correct, is it not?—During the years succeeding the Mutiny, when our expenses on military operations were very large, we borrowed to meet that expenditure.

1586. But leaving out of consideration the Mutiny, even during the last few years, a portion in some years of the debt accumulated represents money that has been required to meet deficiencies?—Certainly.

1587. Therefore, as the debt increases, it is not only a mark of the amount that has been spent in developing the resources of India, but also it is an indication that the finances of India are in such a condition that the expenditure steadily exceeds the revenue?—It has exceeded it in some years.

1588. Has not that been the case lately?—It was not the case in the year 1869–70.

1589. As you refer to that year, I should particularly like to direct your attention to that, because the Controller General of the Finances of India admitted that if things had not been brought in that year as income which ought not to have been brought in, instead of there being a small surplus the accounts if correctly stated would have shown a very heavy deficit?—The Controller General I think hardly went so far as you put it. I think he stated that it was according

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ing to the system laid down for keeping the accounts that all income and expenditure during the year should appear in the accounts of that year, which is the accepted system in this country as well as in India. He certainly stated that some items were entered as income which were what are termed windfalls of that year; but on the other hand it was brought out in evidence last Session that in that very year there was some extraordinary expenditure amounting to more than those windfalls.

1590. No, I think he allowed for the extraordinary expenditure, and making full allowance for the extraordinary expenditure he showed that windfalls had been received to such an extent, that there was really a deficit of 500,000 *l.*—No, there was an expenditure of upwards of a million on barracks that year which was an extraordinary expenditure which more than counterbalanced those windfalls.

1591. But is not this the case, that to represent the financial position of India correctly you ought not only to state that the debt has been increasing, and a part of it has been devoted to meet annual expenditure, but you have been steadily using up all your windfalls and a great many of your funds, such for instance as the superannuation funds?—It was to those funds that some of the evidence, to which you referred just now, related.

1592. Therefore, not only has the debt been increasing, but at the same time you have used up funds; and the fact of your using up those funds will increase the annual charge on the revenues of India?—The charges in future years will appear to be heavier, because there will not be the balances of those funds to meet the pensions.

1593. Therefore you have not only increased your debt, but virtually you have been spending part of the property?—So far as those balances go, we have.

1594. *Chairman.*] You distinguish between receipts and revenue, and disbursements and regular annual expenditure?—We do.

1595. Mr. *Grant Duff.*] Reference has been made by the honourable Member for Brighton to the great increase of the debt since the days of the East India Company; I suppose I am right in thinking that a considerably larger portion of the debt that has been incurred since 1858 has been used for reproductive works than was the case with the debt that was incurred by the East India Company?—There can be no doubt of that.

1596. And there is no reason to suppose, is there, that the practice of the East India Company, with regard to windfalls, was more severe than the practice of the Government in modern times?—Certainly not; in fact, the present system of account is much stricter than that adopted by the East India Company.

1597. Mr. *Eastwick.*] The loans were taken up, were they not, at the commencement of the great wars, or during them; in fact, to pay the war expenses?—Not merely so. The East India Company was frequently censured for keeping a loan always open, in which persons could deposit money at any time, and that has been sometimes termed, though very erroneously, a profligate system.

1598. Looking at the date of the Mutiny, you find a very large sum; and then about the time of the different great wars, the Affghan wars and others, you find large sums; those were taken up to meet the expenses?—The Affghan war entailed an enormous expense upon the East India Company, which they were obliged to defray by loan.

1599. Sir *S. Northcote.*] In some of those years in which borrowed money was taken to make up the deficit there were included in the expenditure of the year, and therefore contributing towards the deficit, sums expended on public works, were there not?—There were.

1600. In several of those years would it not have happened, if there had been no expenditure on public works, there would have been no deficit?—It would.

1601. In fact, for the last 10 years, supposing that you took out all the expenditure on public works in every year, do you apprehend that there would have been any deficit at all?—On the average of the 10 years from 1861-62 to 1870-71, if expenditure on the construction of reproductive works were excluded, there would have been a large surplus.

1602. Mr. *Cross.*] Could you not very easily prepare a balance sheet for each year, showing how much the deficit would be of ordinary income and expenditure, and how much the excess of that expenditure was owing to permanent works?—Yes.

1603. Sir *S. Northcote.*] Of late years it has been the practice, I think, to make a distinction between what are called public works ordinary, and public works extraordinary?—It has.

1604. And in recognising the deficit it has been recently the habit to consider the deficit or surplus, as the case might be, with regard to the public works ordinary?—With reference to them only.

1605. Now, is it an easy matter to distinguish between public works ordinary and extraordinary?—The rule laid down is, that large irrigation works and State railways shall be treated as extraordinary, but there are many irrigation and other works of public improvement which still appear as ordinary expenditure, small works and repairs more especially.

1606. With regard to works which are considered especially reproductive works, are you aware whether any attempt has been made to keep a separate account of the expenditure on those works, showing how they do actually reproduce the money laid out upon them?—Yes, much pains have been taken to obtain such statements.

1607. With any success?—We shall receive from India shortly some statements; we are unable to anticipate what the effect of them may be, but hitherto, so far as we have the means in this country, we have not been able to render a clear statement of that nature.

1608. I suppose, under the term reproductive two classes might be reckoned, that is to say, works which directly reproduce a certain sum of money in the form of fees or tolls or other payments, which would in time replace the money laid out upon them, and other works which, without producing any such tolls or fees, do increase the prosperity of the country, and do indirectly produce greater revenue?—Quite so.

1609. Can you suggest any mode of distinguishing between those classes of public works?—The Secretary of State has already requested the Government of India to supply information as to these works, according to certain forms which he transmitted, but hitherto he has not been

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been successful in obtaining it. In those forms we have endeavoured to make the distinction to which you refer.

1610. Sir *C. Wingfield*.] But is not the only sure test whether a work is reproductive or not, this: whether it will yield such a return as will pay the interest on the money borrowed?—That is the simple proposition.

1611. *Chairman*.] It depends on whether the Government passes a law that a return shall be obtained from it. Supposing that two roads are made, one on which the Government declares tolls shall be taken, and the other not, is not the reproduction of the one on which tolls are taken often less than of the one on which no tolls are taken?—We have not attempted to obtain information as to the relative value of roads, but only as to irrigation works and State railways.

1612. Therefore the principle is not that of considering whether an income is derived from it, but whether it contributes to the production of the country because the less income that the Government derives from it, the more it will contribute to the interest of the country?—That could not be shown in account.

1613. If they make a harbour, and charge no tolls, that would produce more trade than if they made a harbour and charged tolls?—Yes.

1614. Mr. *J. B. Smith*.] Is there any definition of reproductive public works?—Irrigation works and State railways are regarded as reproductive works.

1615. Supposing that you have an irrigation work, have you any difficulty in debiting that work with all the sums you pay for it, and charging it with interest every year, and reckoning the income that you receive from it as in diminution of that charge?—The difficulty is not in the first construction of the work; it is very easy then to do that which you have suggested. The difficulty arises upon the repairs of works; many of our very productive works consist of old works to which some additions and improvements have been made, and then it is very difficult to show how much consists of repairs to maintain the state of things which existed before those improvements, how much has been caused purely in improvement, and then how much of the income is attributable to each.

1616. But then in that case is it not fair to charge the repairs to the capital account; you charge the repairs as a part of the capital, and if you have an increased return upon that, it is in diminution of the capital; now take the Ganges Canal, that great work was debited with the sums which were advanced from time to time for its construction, and it has been credited with the income that has been received, and now that, after a certain number of years, is paying about 7 per cent. per annum, I understand, upon the capital invested; cannot the same plan be adopted in all other public works which are of a reproductive character?—That was a work with reference to which it is easier than with many others to show the out-turn, and yet there are discrepancies between the statements as to that work. I have seen it stated that 7½ per cent. is the out-turn from the amount expended, but I entertain some doubt whether that is really so.

1617. Mr. *Eastwick*.] The sum returned by the Ganges Canal would not be any indication of the actual benefit to the country, would it, unless that return is a percentage upon the profit of the ryot?—We could only show what is obtained as direct revenue.

1618. But you do not know at all what the ryots' profits are from the irrigation?—We do not.

1619. Mr. *Grant Duff*.] The first object of the irrigation works is to prevent famine, is it not?—Yes.

1620. And that is a benefit you cannot possibly set forth in an account?—Certainly not.

1621. Mr. *J. B. Smith*.] But you can show whether the work *per se* is productive or not?—If we can arrive at what has been the cost of construction, and what is the actual amount received in the shape of water rent or improved assessment, then we can tell what is the result of the work.

1622. And have you not kept accounts of that character?—No; we have endeavoured, but have not been able to produce accounts of that character yet.

1623. *Chairman*.] You can give us the annual return of sums spent in new works, such as canals, roads, and bridges directly contributing to the interests of the country, as compared with new works for civil government, such as gaols, barracks, and offices?—Yes.

1624. Mr. *Fawcett*.] I understood you, I think, in reply to the Under Secretary of State for India, to state that the East India Company pursued the policy to a much greater length than it is pursued by the present Government, of appropriating windfalls, and of using up property as ordinary income; can you give me any facts to justify that statement?—No; I only speak from a general knowledge of the system of account which the East India Company adopted. The accounts were not then kept so rigidly as they are now.

1625. But is it not a fact that all these sums which have been appropriated lately by the present Government existed before the abolition of the East India Company?—They did.

1626. And they always kept their hands clear from them; they never appropriated them, did they?—They did not, because the occasion had not arisen.

1627. The occasion had not arisen, because they adjusted their expenditure to their revenue better than you have done?—No, not for that reason at all. The reason was, that when the amalgamation of the British and Indian armies was sanctioned by Parliament the Secretary of State considered it necessary to put an end to those very expensive funds, and when new entries ceased, and it became necessary to deal with the funds as they stood, the Government took them over, and had to determine how they should treat the balances.

1628. And they use them as income?—No; they only appropriate from the balance so much as is required every year to supplement the subscriptions in order to pay the pensions.

1629. But are you now speaking of all these funds?—I am speaking of the military and medical funds.

1630. But there are other funds; the Civil Service funds, for instance?—The Civil Service Annuity Funds are not yet taken over, although the members of the service have voted that they shall be made over to Government.

1631. And the police fund is in the same condition?—The police fund was taken over two years ago.

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1632. The point which I want to bring out is, that what you have done under your financial exigencies might have been done by the East India Company, and they did not do it?—No; the occasion had not arisen in their time.

1633. Why had not the occasion arisen? —Up to the time when Parliament sanctioned the transfer of those funds to the Government the funds were managed by trustees.

1634. But still this financial fact comes out, that if you appropriate a fund to income you increase the income for the year, and increase the future annual charge upon the revenue, do you not?—No, we do not increase the future annual charge; for the years during which the capital lasts to pay the pensions, the charge to India is less than it will be when there is no longer the capital.

1635. You cannot have the money twice over; if you spend these funds as ordinary income you must increase the charge in future years compared with what you would if you had kept the funds as property?—We relieve the revenues for a certain number of years, and then the full charge comes upon them.

1636. You increase the charge in future years?—No, we do not increase it.

1637. But you make it greater than it would otherwise be?—It will then be its proper charge of the year; if we made it a heavier charge now it would not diminish it in future years, unless we held the capital to be appropriated then.

1638. Do you think that you will be able to obtain a statement as to the amount of these loans spent in reproductive works, and the amount spent in others?—Yes.

1639. *Chairman.*] Just look at that account (*handing a book to the Witness*)?—There is a classification here.

1640. Perhaps you will state the classification? —In the Statistical Abstract for the years from 1860 to 1869, presented to Parliament in 1870, there is a statement in which the expenditure by Government on account of public works is classified.

1641. Mr. *Fawcett.*] Can you, from that statement, show how much of the money that has been borrowed has been spent in public works, and how much has been spent to meet the annual deficit, because it seems to me that that fact is essential to ascertain the true financial position of India?—Of course the amount stated here is that spent on public works.

1642. How much has been spent?—There is not the total given for the 10 years; but the amount in each year is shown which was spent in public improvements. In the year 1859-60 the original works amounted to 398,000 *l.*; in 1860-61, they amounted to 753,000 *l.*; in 1861-62, to 1,248,000 *l.*; in 1862-63, to 1,212,000 *l.*; in 1863-64, to 1,539,000 *l.*; in 1864-65, to 1,571,000 *l.*; in 1865-66, to 1,378,000 *l.*; in 1866-67, to 1,215,000 *l.*; in 1867-68, to 1,310,000 *l.*; and in 1868-69, to 1,782,000 *l.*, making a total of 12,406,000 *l.*

1643. Sir *T. Bazley.*] What other headings are there?—The whole expenditure on public works, exclusive of State outlay on guaranteed works is shown under the heads of military, civil buildings, public improvements, and establishments, tools, &c., with sub-divisions under each of original works and repairs.

1644. Will you give us the totals for the other two headings?—The expenditure on military original works during the same period appears to amount to 10,283,000 *l.*, and on civil buildings to 4,912,000 *l.*

1645. No railways are included in that statement?—Not any.

1646. Mr. *J. B. Smith.*] What kinds of public improvements are these that are named?—All public improvements, exclusive of guaranteed works.

1647. *Chairman.*] And that does not include the interest paid during the construction on railway funds?—No.

1648. Mr. *Fawcett.*] How much was borrowed during that period; or can you give the total deficit?—There were deficits in certain years between 1860-61 and 1869-70, as shown in Appendix No. 11 to the Report of the Committee of last Session, which amounted to 15,018,000 *l.*; but there were surpluses in other years amounting to 4,671,000 *l.*; therefore the net deficit on the 10 years was 10,347,000 *l.*

1649 Then I understand by those figures that 12,000,000 *l.* was spent for the useful public works, and 10,000,000 *l.* for deficit?—The deficit was arrived at after including all expenditure on public works.

1650. *Chairman.*] That includes a deficit for one year, owing to the Mutiny?—Yes.

1651. Mr. *Fawcett.*] For that year a large expenditure, in consequence of the Mutiny, is not included in this return?—No, not the two years of largest deficit.

1652. Sir *D. Wedderburn.*] I understood you to say, that for some time past no public loans have been raised in India?—None of any magnitude.

1653. Is that because it was found that the natives declined to lend money to the Government?—No; but because it was found that we could borrow cheaper in this country.

1654. Is it a fact that only a very small percentage of the public debt of India is held by natives?—It is a comparatively small portion, and I am afraid a diminishing one.

1655. *Chairman.*] Will you go to the item at the close of the Account, page 13; we have there the item of "Remittance Account between England and India, Advances on Account of the Bengal, Madras, and Bombay Civil Funds," 113,000 *l.*; what does that mean?—Those are advances made to the agents of the Civil Funds (not the Annuity Funds) in this country, for which we take their bills, and the Governments in India recover the money.

1656. That is merely payment of the annuities which have been granted in India, where the recipients are living in this country?—No; they are advances to enable the agents of the funds to pay the Widows' and Orphans' Pensions in this country.

1657. Those arise out of the original services in India?—They do.

1658. The next item is "Pensions, &c. chargeable to the Madras Medical Fund (prior to 1st September 1870)," 31,274 *l.*; is that of a similar character?—Quite of a similar character up to that date, when we took it over.

1659. And the "Indian Civil Service Annuities Funds, Annuities payable in England," 200,697 *l.*? —They are so charged, because they will be repaid by the funds in India.

1660. Those are the annuities granted in India, but merely payable here, because the recipients are

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are in England?—Yes; we acting at that time as agents for the trustees of the fund.

1661. Mr. *Dickinson*.] They will not appear double in the account?—No; they will not appear in either account in question, except as a remittance. The next item of 43,395 *l.* is the amount of postage collected in India, which is paid over to the Postmaster General.

1662. *Chairman*.] "Family Remittances, Remittances by Administrators General, &c.," 553,363 *l.*; what are these?—Those are remittances from military officers mostly, and remittances made by Administrators General for payment in this country.

1663. Are the equivalents of those paid into the Treasury of India?—They are.

1664. Are you their mere agents for remittance?—Yes.

1665. The next item is "Miscellaneous Payments to be brought to Charge or Recovered in India," 145,290 *l.*; what are those?—They consist of a number of items; bills drawn by the mission to Persia, which is repaid; bills drawn by the Commissioner of Mysore, Stamps on Military Commissions, Compensations awarded by Bonus Committees, Pay and Pensions in respect of the Mysore Administration and the Nizam's Contingent; the Rajah of Kolhapore, for expenses during his stay in England, to be adjusted hereafter with the State of Kolhapore; and other items.

1666. Mr. *Eastwick*.] Would it not be a good plan to have these items entered under this heading of "Miscellaneous"?—It would greatly increase the bulk of the account.

1667. Would you put in the Schedule from which you are reading?—Yes (*handing it in, vide Appendix*).

1668. The next item is, "Stores chargeable to Local Funds, Bengal; to Foreign Funds of Berar and Mysore; and against Income derived from Roorkee and Madhapoor Workshops and Dowlaishwarum Factory," 27,562 *l.*; what are those?—They are stores supplied from this country, which at the request of the Government of India are not made a final charge here, but will be adjusted in India.

1669. That amounts to 1,114,000 *l.*, under the heading of "Remittance Account"?—It does.

1670. Mr. *Dickinson*.] Take "Family Remittance" money; that is paid into the Treasury of Bombay or Bengal, and remitted through you?—It is so, and does not affect the income and expenditure, but only the receipts and disbursements.

1671. *Chairman*.] From those the account of the charge, apart from the mere operation of remittance, is made up and shown in the Indian account as what is called the Home Expenditure by the side of the Indian Expenditure?—Yes.

1672. Mr. *Hermon*.] With regard to this amount, that is to be brought to charge or recovered in India, will it be recovered from the Government in India?—Some portion will be recovered from foreign states, &c., and the remainder will be included as charges in the Indian accounts.

1673. What is the meaning of that phrase "brought to charge"?—It means that the amount is to be included in the expenditure, as a charge against the income.

1674. And if it is not recovered from these parties in India, what becomes of the item then?—Then any sum not recovered would be an extraordinary charge of the year, but these are almost invariably recovered.

Mr. William Thomas Thornton and Mr. Juland Danvers, called in; and Examined.

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1675. *Chairman* (to Mr. *Danvers*).] What office do you hold under the Secretary of State for India in Council?—I am Government Director of the Indian Railway Companies.

1676. What are the duties of that office?—My duties consist in attending the Boards of the different companies in this country, in transacting with them the necessary business connected with the affairs of those companies, in controlling such matters of expenditure as come within my province, and in considering whatever matters may be brought before me by the Secretary of State, or by various companies connected with the railways.

1677. Is there a committee of the Council at the India Office superintending your functions?—There is.

1678. Do you attend that committee also?—I do.

1679. You act generally under their directions?—I act in communication with them.

1680. I must call your attention to the item, at page 11 of the Home Accounts, of 4,347,000 *l.*, which is paid for "Guaranteed Interest on the capital of Railway and other Companies under their respective Deeds of Contract, including Interest on Debenture Bonds;" are all these companies, which are all railway companies, with the exception of the two last, existing under contracts originally with the East India Company, and now with the Secretary of State for India in Council?—Yes.

1681. Are those contracts generally in the same terms?—They are generally in the same terms; but the last two mentioned in the list, viz., the Oude and Rohilcund, and the Carnatic, differ from the others.

1682. Could you state generally the nature of those contracts?—The Government guarantee a certain rate of interest upon the capital which they sanction for each undertaking. The companies are subject to the control of the Government in certain ways, and the net receipts are, in the first instance, applied towards the repayment of the guarantee advanced by the Government. The control of the Government is nearly complete over all the proceedings of the companies, and every means is taken for enabling the receipts to cover the guaranteed interest.

1683. Is the interest computed on the capital as paid into the Treasury of the Government, or upon the actual expenditure?—Upon the capital paid into the Government.

1684. Then in the first instance the Government receive the whole of the capital for these companies?—Yes, the Government receive the whole of the capital, and almost the whole of it is paid into their Treasury in this country.

1685. And none of it is disbursed without their previous sanction?—None whatever.

1686. And in the same way do they receive the whole of the receipts of the various companies

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panies in England, so far as they have receipts?—Yes.

1687. And in the same way do they control the expenditure for working expenses?—They do.

1688. Then what is the provision in case the working expenses are not equal to the dividend?—In case the working expenses are more than the receipts, the companies are responsible for the difference.

1689. That is to say, they would have to bear the loss?—They would have to bear the loss.

1690. The Government pays, as I understand, the interest to the railway company in gross?—Yes

1691. And out of that the company divide it amongst their shareholders?—Yes.

1692. If any deficiency occurred after the Government had once paid the interest of the company in gross, that would have to be borne by the shareholders?—Yes, but inasmuch as the guarantee is always paid before the accounts for the half year are made up it has to be adjusted after the guarantee for that particular half year has been paid.

1693. Has any case occurred under these contracts of the income not being equal to the working expenses of the company?—Yes.

1694. And what has been the result of that?—One case was that of the Calcutta and South Eastern Railway Company. It was allowed to go on for two or three years in the hope that the railway would recover itself, but appearing to be in a chronic state of deficiency the Government at length gave notice that if a deficit occurred again they would exercise the powers vested in them by the contract, and would make the shareholders responsible for the deficit, whereupon the company gave notice to the Government that they would give up the railway.

1695. Do all the contracts contain a provision that the companies may, in case the working expenses are not covered by the receipts, surrender the line to the Government?—They all contain that.

1696. And if they surrender their line, what is the Government bound to pay, the whole capital back, or what?—The capital that has been expended upon the works with their sanction.

1697 And, therefore, any balance of capital that remains in the Government Treasury unexpended?—Yes, quite so.

1698. So that, practically, the company would receive back the capital which it had subscribed?—Yes.

1699. And in the case that you have mentioned, did the company receive back the capital it had subscribed?—It did, the whole of it.

1700. And now the Government are in possession of the whole of the property?—Yes.

1701. Mr. *Hermon.*] Does it pay the Government now?—It does not.

1702. *Chairman.*] Is that the only railway in that condition?—A branch line of the East Indian Railway was also in the same condition; but inasmuch as the main line of that undertaking produced surplus profits, it was able to bear the deficit of the branch line, and therefore the shareholders were not called upon, except in that way, to bear the loss.

1703. They paid the deficit out of the surplus of the main line?—Quite so.

1704. Sir *C. Wingfield.*] The Mutlah Railway is the one you have been alluding to?—Yes.

1705. You say that for two or three years the shareholders went on incurring loss; why did they not then ask the Government to take the line over as soon as they found that out?—Because they entertained the same hope that the Government entertained, that the line would ultimately pay, and they did not suffer any reduction from their guaranteed interest, inasmuch as the Government were indulgent.

1706. *Chairman*] The Government did not in the first instance force upon them the liability which they had incurred of making good the deficit out of the guaranteed interest?—Just so.

1707. Therefore they continued to receive their full dividend until the Government gave them the notice you have mentioned?—Yes.

1708. But Government had the power to compel them to make good the loss out of their guaranteed interest?—Yes.

1709. Therefore they would not have got their 5 per cent, but considerably less?—They would have been responsible for any loss out of some fund or other, and the only fund would have been the guaranteed interest.

1710. Sir *C. Wingfield*] How was the loss met?—It was put to their debit in what was called the interest account, to be a first charge on surplus profits. The plan was to regard the guaranteed interest as simply an advance to be repaid out of future profits, and this deficit was placed to the debit of that account, just as the guaranteed interest was.

1711. *Chairman*] Therefore the only alternative Government has is by insisting upon deducting the loss from the interest, to compel the party to surrender the railway to the Government?—It would practically come to that. I doubt myself whether the Government have power under the contract to deduct from the guaranteed interest they pay of shareholders; but they can make them responsible for the deficit, and that is the only fund from which the deficit can be made good, as far as I understand.

1712. You stated that there is a distinction between the contracts of the companies generally, and the last two companies in the list, the Oude and the Carnatic; what is the distinction in their contracts?—The distinction consists, principally, in the dates at which the Government have power to take possession of the different lines; under the first six or seven contracts the Government have power, after the first 25 years, to take possession of the railway, and again after another 25 years; with regard to the last two, that power is given to them after every 10 years, giving 20 years in the first instance; then, again, a material difference is made in regard to the mode in which the Government have power to pay off the capital in the event of the railways coming into their possession; in the former contracts the Government have power to pay the capital in a lump sum, or in the shape of an annuity to be calculated upon certain principles laid down; with regard to the other two, they have only power to pay in the shape of 5 per cent. Government paper.

1713. Have the Government taken any steps under the contracts by which they have the power of taking any of the railways at the end of

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of the first 25 years, to take possession of them?—They would have power to take no steps until the conclusion of those 25 years.

1714. Have they not entered into new contracts waiving their rights?—Yes, in that way.

1715. What arrangements have they made in such cases?—Certain modifications have been made in regard to the terms of some contracts, including an alteration of the time at which Government shall have the power; the right of taking possession is the same, but the dates are varied; in my last Report on Railways in India I gave the dates.

1716. Can you state what variation has been made?—In the case of the East Indian Railway no change has been made, because no modification has been made of their contract.

1717. When will the first 25 years for that railway expire?—In the year 1879; the first small contract, I think, was made in the year 1849; then a contract for the whole undertaking was made in the year 1854, and it would be 25 years from that date, that is, 1879; this date applies only to the main line, not the Jubbulpore line, which cannot be taken over till 1883; in the case of the Great Indian Peninsula the time at which the Government now have the power of taking possession would be August, 1899; that is in substitution for 1874.

1718 Then the original contract has been altered by a subsequent contract?—Yes; the former was entered into in 1849, the latter in 1870; for the Madras Railway the period is 1907; that has been altered since the first contract; the Bombay and Baroda can be first purchased in 1905; that has been altered also; the Scinde, Punjaub, and Delhi in 1885; that was also modified, in consequence of the company agreeing to the amalgamation of the three undertakings; the Eastern Bengal in 1883, that is the original date; the Great Southern of India in 1889; the Oude and Rohilkund in 1887; and the Carnatic in 1890; the two last are the original periods.

1719. Can you state upon what grounds the periods have been enlarged for giving the option to take the railways?—It was in consequence of negociations which arose out of a suggestion of the Government of India, that, instead of allowing the companies ultimately to enjoy the whole of the profits of the line after they paid off the guaranteed interest from the half surplus profits, the Government and the companies from henceforward should divide the surplus profits.

1720. Under the original contracts, then, the Government were entitled to receive half the surplus profits over the guaranteed payment of the interest?—They still do that; but under the original contract, supposing that the railway companies had earned enough to pay off the whole amount of guaranteed interest advanced to them from the beginning, they were then to enjoy the whole profits of the line over and above the guarantee, but it was suggested, as a matter of convenience, that they should engage to divide with the Government the profits for the rest of their leases.

1721. So that the Government now are entitled for the whole period during which that goes on to receive half the surplus profits?—Yes. In consideration of that the companies asked whether some benefit should not be given to them, and the shape that benefit took was the enlargement of their first lease.

1722. You do not receive any actual remittance; or rather the remittance that you do receive to cover this interest goes into the general remittance of the funds from India to England, to the Home Treasury?—Yes.

1723. Have you got an account of the back interest that was surrendered by the Government under this new arrangement?—I have not got it with me. (Mr. *Thornton.*) Nothing has really been surrendered.

1724. (To Mr. *Danvers.*) You will still have the same prospect of getting it repaid to you?—Just the same.

1725. You will have no specific claims on the companies in connection with it?—A claim to the extent of half the surplus profits; there is practically no difference whatever. (Mr. *Thornton.*) The difference is that now the Government is to have half the surplus profits for ever; nothing is given up; there is the same security for the repayment of the debt that there ever was; and when the debt is paid off, if it ever is, Government will still continue to get half the surplus profits.

1726. Mr. *Fawcett.*] But then the Government loses the privilege of being able to take it at the 25 years?—Yes.

1727. Therefore, on the whole, the arrangement was disadvantageous to the Government?—It was not considered so at the time that it was made.

1728. *Chairman* (to Mr. *Danvers*).] Will you state on what principle the rate of guarantee on the capital has been fixed from time to time?—I should say the rate at which the companies were able to raise money; the state of the money market.

1729. Is it the same rate for the whole of these companies, or a varying rate?—It is a varying rate.

1730. Could you state generally what the different rates are?—Generally the money has been raised at 5 per cent.; a certain amount has been raised at $4\frac{1}{2}$, and a certain amount at $4\frac{3}{4}$ per cent., and sometimes as low as 4 per cent. in the shape of debenture stock.

1731. Were those raised at the same rate with reference to nominal capital, or was any raised at a premium?—Some has been raised at a premium, retaining the 5 per cent. rate.

1732. Will you state generally what the premium has been, to what extent it has gone?—From the East Indian a sum of 147,000 *l.* had been received last year in the shape of premiums on capital raised in that way; from the Great Indian Peninsular, 207,800 *l.*; from the Bombay and Baroda, 18,000 *l.*; from the Great Southern of India, 36,000 *l.*; from the Eastern Bengal, 1,900 *l.*; and from the Carnatic, 22,000 *l.*

1733. I understand that the stock or guaranteed shares bore a premium on their issue, and that premium has been accounted for as part of the capital of the company?—Yes; but not guaranteed capital.

1734. Mr. *Crawford.*] I think it was found practically inconvenient that within the same companies there should be varying rates of guaranteed interest?—Yes.

1735. And instead of guaranteeing any other rate than 5 per cent. to a railway, when the market value of stock might be 6 or 7 per cent. premium, the Government consented to guarantee 5 per cent., but required the company, on the other hand, to put out that capital at the premium something within the market price, say, 5 per cent.?—Yes.

1736. And

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1736. And the amount received as premium belonging to no individual shareholder, but to the company as a body, was paid in to the Government as part of the capital?—As part of the capital, but not bearing interest; it is paid to a separate account.

1737. Consequently the Government, through that operation, are relieved of the liability of a guarantee to the extent of the premium so paid in?—Yes.

1738. And the company, on the other hand, have a less amount of money on which to divide as surplus profits?—Yes.

1739. *Chairman.*] The Government gained to the extent of the guaranteed interest, and the company to the extent beyond that?—Yes.

1740. Mr. *Hermon.*] What has been the result of the guarantee of the Government to these railways; has it ended in a profit or a loss to the Government?—If you refer to the pecuniary annual results, they show a deficit, certainly.

1741. *Chairman.*] You say that some of the capital has been raised at a discount; can you give any general statement of that operation?—The only money in the shape of capital that has been issued at a discount has been debenture stock. I am afraid that I have not any statement showing the amount that has been so issued; but I think that the Great Indian Peninsular has issued between two and three millions of 4 per cent. debenture stock, at prices varying, I think, from 90 to 96.

1742. Can you state what was the rate at which the Government was borrowing money when this debenture stock was issued?—At 4 per cent.

1743. Were the Government borrowing at par?—I think so; but I cannot speak positively.

1744. Have you considered at all what is the reason of the difference between the rate of interest which the Government pays on loans that it raises, and the rate that the Government has to guarantee to the railway companies?—I think one reason was that assigned (although it was a minor one) by Mr. Seccombe, that certain advantages were attached to the loan raised in this country; certain technical conveniences which really had no effect upon the value of the investment; still they are conveniences to which the public seem to attach value. Then, again, I think that the contingencies in the contract have some effect upon the public; but above all I think that the annuity clause in the contract would probably affect the value of the investment.

1745. You mean the right of the Government to pay off the railway company by means of an annuity, and not the whole sum in cash?—Yes.

1746. You think that these contingencies combined more or less tend to depreciate the guarantee as compared with an absolute and positive engagement of the Government to pay money pure and simple?—I think so.

1747. The figure entered in the account of 4,347,000 *l.* is the whole of the interest payable in respect of shares and loans and everything on account of the companies?—That is the gross sum paid during that year.

1748. Not liable to any deductions for earnings in India?—The sum of 4,297,000 *l.* represents the gross sum paid without deducting any of the earnings in India. If those earnings were deducted in that year it would reduce the amount to 1,562,000 *l.*

1749. The whole of the net receipts of the railway companies will appear in the Indian accounts?—Yes.

1750. Mr. *Crawford.*] In the present system of conducting railway enterprise, that is to say, by companies represented, as regards capital and management, in this country, is there anything, in your opinion, which interferes with the proper control which the Government ought to have and exercise over those companies in relation to the pecuniary interest which they have in the enterprise?—No; I am not aware of anything.

1751. Do you think that the cost of the works, bearing in mind that the Government is liable to pay a guarantee upon the money, has been in any way enhanced by the fact that the expenditure has been originally subject to control in the hands of private individuals forming the company?—I cannot say that the actual cost of the works in India has been increased, in my opinion, by that fact.

1752. Do you think that the administration of the railways, as far as the construction is concerned, will bear a fair comparison with that of the public works of India?—Yes.

1753. Will it do more than that; will it bear something more than a fair comparison; will it rather contrast very favourably?—I am not prepared to say that it would or would not. I really have not gone sufficiently into the matter to be able to give a decided opinion on that point.

1754. In a Paper put before the Committee a few days ago, showing the loss and gain to India in each year with reference to the exchange, I see that there is no mention made of the gain which the Government have derived from remitting to this country the surplus profits upon those railways which have made them, the Government having the power of paying 1 *s.* 10 *d.* only in this country for every rupee earned and paid into their treasury in India?—The statement of which you are speaking would not refer to surplus profits at all, but only to the loss or gain by exchange, as I understand.

1755. But in the particular case to which I refer, the Government have the pull over the companies; they pay here 1 *s.* 10 *d.* per rupee for every rupee of surplus profits which they have to bring from India to this country, to distribute among the shareholders, as set against the fact that they give a rupee in India for every 1 *s.* 10 *d* of capital received by them here to be laid out in India?—Yes.

1756. But when, talking of the loss in exchange, surely the profit which the Government have sustained by that Home remittance is a fair set-off against the loss that they have incurred by accounting in India for moneys received in this country?—Upon looking at the account, I find it is here. In the last two years the sums of 40,000 *l.*, and 131,000 *l.* are credited to the Government under one calculation; and 25,000 *l.* and 32,000 *l.* under another calculation, which receipt arises out of the difference in exchange between the value of the rupee in India, and the rate at which it is credited to the companies in this country.

1757. But it struck me on examining the accounts, that that particular item of money transferred from India to this country, as representing surplus profits made in India by the companies,

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is omitted?—I was told that it was included in the 25,000*l.* and 32,000*l.*

1758. Sir *C. Wingfield.*] With regard to a question that Mr. Crawford asked you, whether the work on the East India railways would not compare favourably with the work done by Government officers, were not the rates of masonry which the railway departments charged, very much higher than what are allowed in the Public Works Department?—I am not aware.

1759. Is the capital account of any railway closed?—No

1759*. Has any rule been laid down as to what works are to be charged to capital, and what defrayed out of revenue?—Yes.

1760. Could you state generally the principle?—That question was discussed at the time when Sir Charles Wood was Secretary of State; and a letter addressed by him to the Government of India, lays down the principles upon which those accounts should be adjusted. The Despatch is dated 9th of March 1864, and it is to be found in the Appendix to the Report on Railways in India for 1863-64.

1761. For instance, how would such things as an additional station, an additional crossing, or a second line of rails be treated?—I think I can read to the Committee one or two illustrations, which show exactly how they are dealt with. At paragraph 8 of that Despatch the rules are thus laid down: "There can be no doubt that the expense of an additional length of railway, of the doubling of an existing line, of the original construction of any work, including that of those intended to be only temporary, as well as of all additions to existing works, ought to be charged to capital account. When new lines form a junction with an existing railway, the expense of the junction, and all its concomitant appliances of stations, sidings, signals, &c., is properly chargeable to Capital Account; and the cost should be divided in such proportion as may be fair between the two companies for whose mutual and joint benefit the junction is made. The cost of additional stations, and of any important building, not previously contemplated, which is added to an existing station, should be charged to capital account. The cost of maintaining, in a proper condition, the works when completed must be charged to the Revenue Account; but if any extraordinary casualty should occur, such as the destruction of a bridge by flood, the case must be regarded as exceptional, and the cost of construction or replacement must be charged to capital or revenue, or divided between them, as may be deemed proper, according to the circumstances of the case. In relaying rails, if the original rails have proved too light, and additional strength in weight of iron or steel be required, the capital account should bear the difference between the cost of the new and improved rails, and that of replacing the old rails by rails of similar character, revenue being chargeable for relaying, and all other expenses. The same principle should be applied to replacing by iron sleepers those of wood originally laid down. In the locomotive stock, the capital ought to bear the first expense of any addition which may be made to the existing stock, and of any important improvement or alteration which may be made in the same, as well as of all machinery which is absolutely new; and not merely in replacement of old, but all repairs, and less important alterations of the existing stock of engines, carriages, or waggons already paid for and handed over for working purposes, should be charged to revenue. The rolling stock and plant, after being once paid for from the capital, must be kept up by revenue to its full complement. In no case should the cost of mere appurtenances of stock, after the opening of a line, or other change, such as the substitution of one mode of lighting for another, whether in engines, carriages, stations, or signal lamps, the cost of which has been already paid for out of capital, be admitted as capital expenditure. These properly belong to the Traffic Revenue Account."

1762. Mr. *Crawford.*] Those principles are being constantly and every day acted on now, are they not?—Yes.

1763. Sir *C. Wingfield.*] Are they the principles by which railway companies in this country have been governed?—I believe so; the railway companies in this country were consulted when this Despatch was written.

1764. Do you think that they will cause any considerable increase to railway capital?—Well, it practically prevents the absolute closing of the capital accounts.

1765. You cannot say when they can be closed?—No.

1766. Mr. *Crawford.*] Is it possible to close the capital account of any railway company?—I do not see that it is, so long as traffic increases.

1767. The capital is nominally closed, and immediately necessity arises to erect a new station; that is not a charge that ought to be put on revenue, is it?—No.

1768. Therefore you cannot close the capital account?—No.

1769. Sir *C. Wingfield.*] By this Despatch I see that additional locomotive stock is to be charged to capital?—Yes; but if for instance one hundred locomotives had worn out, and had to be replaced, they would have to be paid for out of revenue.

1770. *Chairman.*] Has the Despatch been revised?—Proposals have been made with that view, but they have not been adopted; the matter is still under consideration.

1771. Mr. *Dickinson.*] The Government of India have issued an order, have they not, that all expenditure under 500 *l.* should be charged to revenue?—But that was included in certain rules which were not approved by the Secretary of State, and he referred them to the Despatch just referred to, and stated that so long as its orders were uncancelled they must be acted on.

1772. Is it not the intention of the Government to carry out that principle, so far as you know?—I do not think it is the intention of the Secretary of State to carry it out

1773. Mr. *Fawcett.*] How long have you held your present position at the India Office?—I was appointed in 1861 as successor to the late Sir James Melvill.

1774. Some of the more important railways were constructed and the guarantees entered into before you were appointed?—Most of them.

1775. Did Mr. Thornton have anything to do with railways before you were appointed at your present office?—No, I held the office of secretary in the Railway Department before I was appointed Government director.

1776. You stated just now, in reply to Mr. Crawford, that you thought the railways had not been

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been constructed at an undue cost; do you express that opinion after careful examination on that point?—I did not mean to say that the railways had not cost more than they ought to have cost. I think with our present experience, railways would cost very much less than they have done.

1777. But even with the experience of that day they cost rather more than double what Lord Dalhousie estimated they would cost?—That is quite true.

1778. Then do you think that the present system of guaranteeing more than the current rate of interest will lead to any other result except extravagance?—Will you allow me to ask what you mean by "the current rate of interest."

1779. If you guarantee on this expenditure, giving a certain security, more than the current rate of interest, do you not destroy all the most efficient checks upon extravagance?—To answer your question simply I should say, Yes.

1780. Then do not you think that probably one cause of the enormous loss at which these lines have been constructed has been the system of guarantees?—I have not come to that conclusion.

1781. (To Mr. *Thornton.*) What is your opinion on that subject?—I entertain that opinion very strongly myself, but it is merely an opinion.

1782. But it is an opinion which you have arrived at after your official acquaintance with the subject?—It is.

1783. (To Mr. *Danvers.*) When a line is being constructed, what security does the Government take that the money is not wasted, and that the work shall be well done?—The control that they can exercise over all expenditure is their security.

1784. What is that control which they exercise?—Complete control.

1785. But in what way do they carry it out, and in what way have they carried it out?—They have carried it out through officers appointed for the purpose.

1786. Then why, if these railways have been constructed at such great cost, did not these officers, who represent the Government, point out the extravagant rate at which they were being constructed?—It was want of knowledge and experience, in the first instance, I think.

1787. Then could not the Government obtain officers of knowledge and experience?—Yes.

1788. And they did not do so?—They depended on those who were in the country at the time.

1789. And those men had not the requisite knowledge?—I think not in every respect.

1790. Is not it the fact that a great deal of the work has been very badly done, and will have to be immediately repaired, and that those repairs will largely add to the capital account?—Some of it has been imperfectly constructed, and that will have to be replaced.

1791. Is it not stated that on one railway 2,000 bridges and viaducts, and aqueducts, have been so constructed that the whole of them will have to be reconstructed?—It may have been so stated; but I should not say that was the number.

1792. (To Mr. *Thornton.*) Are you able to answer the question?—Of masonry works, large and small, 2,000 were described by the Government of India as having shown signs of failure.

1793. (To Mr. *Danvers.*) Was it not recently stated by the late Lord Mayo, that on one railway the bridges had been so badly constructed that they were coming down with a run?—That expression has been used; whether by him or not, I do not know.

1794. Mr. *B. Denison.*] Did that apply to the Delhi and Punjaub Railway?—It applied, I think, to the Great Indian Peninsula.

1795. Mr. *Fawcett.*] The repair and the rebuilding of all these bridges which are coming down with a run represent so much money taken out of capital, that is to say, out of the pockets of the people of India?—The whole of it was not paid out of capital in the case of the Great Indian Peninsula.

1796. What proportion of it was?—A very large proportion.

1797. Nine-tenths, would you say?—I cannot say with certainty without referring to figures. There was 500,000 *l.* or 600,000 *l.* contributed by revenue to this expenditure.

1798. How much has been raised as additional capital, a million and a-half?—Quite that.

1799. Did that million and a-half represent the charge thrown upon the people of India, which charge was rendered necessary in consequence of the bad way in which these railways had been constructed?—The greater portion of it would be so; but it has been argued that these works were constructed cheaply in the first instance, and that if they had been constructed of a more permanent character the expense would have been greater.

1800. But how do you reconcile that statement with this fact that has come out, that the railways cost double what they were originally estimated to cost by Lord Dalhousie; if they were constructed cheaply, they ought to have cost a good deal less?—But I think that Lord Dalhousie under-estimated the cost, probably from want of knowledge of the state of the country.

1801. But still you will admit, that building bridges for a railway so badly, whether for the reason of mistaken economy or any other reason, that they have to be built in 25 years, represents a gross and costly blunder?—Yes.

1802. Mr. *Crawford.*] What railway company have you had in your mind when answering the questions of the honourable Member?—The Great Indian Peninsula.

1803. Mr. *Fawcett.*] But does not that remark as to work having been so badly done as to need replacing, apply to other railways besides the Great Indian Peninsula?—Mistakes no doubt have been made on other lines, but not to the same extent as has been exposed on the Great Indian Peninsula.

1804. But still to a very considerable extent?—There is no doubt that the severity of the floods in the last three or four years has tried some of the bridges very severely; but it is impossible to say whether that arose from imperfect construction; I do not think that in every case it did, it arose from imperfect knowledge probably, and imperfect calculations, as to the force of the flood.

1805. Suppose that a railway company decides to lay down a double line of rails, what steps does the Government take at the present time, or what steps have been taken to ascertain whether those double lines are necessary or not?—It would inquire thoroughly, I presume, into the state

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state of the traffic and the requirements of the line, in order to see whether security and rapidity of dispatch could not be secured without the doubling.

1806. But are you aware whether that examination is actually made?—Yes; I can mention a case where that was the case—but it was the Government who proposed the doubling of the line—and where a board in this country undertook to examine more accurately than they had done in India the necessity for that doubling, and the conclusion come to was that the doubling was not necessary.

1807. But do you think that in every case where the line was doubled it was necessary?—Yes, I do.

1808. Was there not one well-known case where the lines were doubled when six trains only ran each way a day?—I am not aware of that.

1809. (To Mr. *Thornton.*) Do you know that case?—I think I have heard of that case, and certainly my impression is that most of such lines as have been doubled have been doubled prematurely.

1810. *Chairman.*] Are you aware that where the lines have been doubled the doubling has been very much pressed by the Government upon the companies in all cases?—I know that it has in certain cases, as Mr. Danvers has just said; in certain cases the Government have proposed it and the companies have resisted; it is not my impression that that has been the case often; but one cannot answer to things of this sort without knowing beforehand that one is to be examined upon them; I should have said myself that, on certain occasions, the companies have been anxious to double and the Government have simply assented.

1811. Mr. *Fawcett* (to Mr. *Danvers*).] You spoke just now of the Government not making the deductions which it ought to have done with regard to the Calcutta and Mutlah Railway, and you used the expression "indulgence," did you not?—I think I did.

1812. How did the Government use that indulgence; was application made by the company for that indulgence?—No; I think the Government were influenced really by a sense of justice, because the company were very much disappointed at the proceedings of the Government in not establishing the port on which the success of the railway depended; that is to say, Port Canning.

1813. At the present time, are the railways representing a greater or a less annual charge to the revenues of India; are they increasing or decreasing in that respect?—Generally it varies with the state of the trade in the country.

1814. But you will give the net charge during the last four years, for instance?—I have a statement here made out from the year 1856 up to the year 1870-71, showing that the whole net amount advanced by Government for the guarantee was 16,714,000 *l.*; the number of years is 15, so that the average amount paid by the Government in the shape of guaranteed interest would be upwards of a million a year. In the year 1865-66, the amount advanced by the Government was only 23,000 *l.* In the next year 1866-67, it was 684,000 *l.*; in 1867-68 it was 1,490,000 *l.*; in 1868-69 it was 1,600,000 *l.*; in 1869-70 it was 1,498,000 *l.*, and in 1870-71 it was 1,800,000 *l.*; that was the largest amount ever advanced.

1815. *Chairman.*] Will you explain whether, on a review of the contracts, you think it is likely to increase or diminish in future years?—I should hope it would greatly diminish.

1816. Mr. *Fawcett.*] Why do you think that it will do so; on what do you found the opinion?—On the natural tendency of lines to improve their traffic by the development of the country.

1817. But these lines have had 15 years already?—Very few of them have been completed for that period.

1818. But during the last three or four years they have been completed, and they do not show such a result, but the financial position is worse, is it not? (Mr. *Thornton.*) But then it must not be supposed that this gradual increase of the interest paid by Government represents a gradual falling-off in the income of the railways. It represents the extension of existing railways.

1819. Does it not also represent a continual expenditure of capital on existing lines?—That is to say in extending them.

1820. Not only in extending them, but without opening an additional mile of line?—In certain cases, and to some extent, yes. Nevertheless, one principal reason why the amount of interest paid by Government in respect of these railways has gone on increasing of late years is because all this time increased sums of money has been spent on the railways, and therefore there was a larger amount of capital outlay on which it was necessary to pay guaranteed interest, while of course, until the new railway work was finished, it was not possible that any revenue should be derived from that new work.

1821. Mr. *Eastwick* (to Mr. *Danvers*).] Was any of that increased outlay for doubling the line?—I do not think that any lines have been doubled during the last three or four years.

1822. Mr. *Fawcett.*] How much has the capital been increased during the last five years, so far as existing lines are concerned, lines that were at that time opened?—Fragments of lines have been opened at different periods, so that it is very difficult to say to what portion of the line capital expenditure really applies.

1823. Taking every railway, and all the railways in India, have there not been fresh lines opened during the last five years?—Yes.

1824. *Chairman.*] Perhaps you had better state when each line has been finished, in point of length; apart from the additions to the conveniences of the line, when was each length of line finished?—To begin with the East Indian line, the whole of the East Indian system was only completed last year.

1825. Mr. *Eastwick.*] What is the length of that?—One thousand five hundred and two miles.

1826. Mr. *B. Denison.*] You are speaking with reference to certain geographical limits, not to length of line; are you?—Yes; to length in miles.

1827. Mr. *Crawford.*] What is the distance from Calcutta to Delhi?—One thousand miles.

1828. Mr. *Fawcett.*] The East Indian Railway from Calcutta to Delhi was finished about six years ago, was it not?—About that time.

1829. What was the capital account of that railway at the time it was opened, and what is its capital account now; because, if we can get at that, we shall show at what rate the capital account is increasing?—I am afraid that we cannot

not arrive at that, the Bengal Chord Line being a part of the main line.

1830. Is there no means of ascertaining it; supposing a branch was opened, and you spent, for instance, five millions on that branch, and 2,000,000 *l.* is added to the capital of the main line?—It is only by calculation that we can ascertain it.

1831. Has that ever been made?—Not that I am aware of.

1832 Then no one in the India Office can give this Committee the slightest idea as to the rate at which the capital is increasing on the existing lines?—Yes; it is very easy to give an idea, but not accurate figures, because expenditure was going on on this main line, both on the line between Calcutta and Delhi and on the Chord Line, and on other parts; and no separate account was kept.

1833 In order to form any just idea yourself, or to give the Committee any just idea, you ought to separate them?—I can separate them in a manner that would give you an idea, but I cannot give the exact figures.

1834. Suppose a new branch is proposed to be made, by what plan do you decide whether it ought to be done or not. Whom do you send out?—If it is proposed by Government, they have investigated the subject, by means of surveys made by the railway engineers, and by officers in the Public Works Department in India.

1835. For instance, take one very celebrated instance, the Government guarantee 3,000,000 *l.* upon the Jubbulpore Branch of the East Indian Railway. That railway does not pay its working expenses up to the present time, who is responsible for recommending that guarantee?—The Government of India is responsible for recommending it to the Secretary of State.

1836. Could I get the paper in which they recommended that?—I should think so.

1837. Do you know whom they sent to make the surveys to know whether the railway ought to be guaranteed or not?—The surveys were made through the instrumentality of the East Indian Railway Company, subject to the supervision of the Government officers.

1838. Who is primarily responsible for recommending that guarantee?—I think Lord Dalhousie was.

1839. Whom did he employ; did he employ a man of practical railway experience?—He employed the officers of the railway company and his own officers, Government officers.

1840. When he employed the officers of the railway company, that offered no adequate protection. Were the officers employed on his own account men of any railway experience?—They were not men of railway experience in this country, but they were men acquainted with the construction of public works.

1841. Mr. *Crawford.*] Had not Colonel Kennedy experience?—I do not know that he had had previous railway experience.

1842. Mr. *Fawcett.*] Then you cannot state that the Government took the precaution, before entering into this very large guarantee, of obtaining opinions from persons who could give them?—They took every precaution; they were satisfied with the advice they received.

1843. From whom?—From the officers employed by them. Lord Dalhousie was considered competent to judge to whom he should look for advice.

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1844. Did they employ people who had any railway experience?—Yes; officers of the railway company were employed, who had been men of experience, and who made surveys, investigations, and reports, which were examined by Government officers, who also had a certain amount of railway experience, and a great experience in works in India.

1845. But that is not my point; I am sorry to trouble you. The railway company of course took the precaution, being a private company, to employ persons of railway experience, but the question which the Government had to determine was, whether they were justified in guaranteeing this large sum of money upon a particular railway, and I cannot find from you whether in coming to a decision as to whether they ought to grant a guarantee or not, they employed on their own account, independent of the railway company, any person who had had railway experience?—I understand the specific question of the honourable Member to be, whether any persons of railway experience were consulted by the Government of that day upon this particular Jubbulpore line I am not aware that any men of railway experience in the service of the Government were consulted.

1846. Then do you think it is possible without such railway experience, to form anything like a fair estimate as to the future probable cost of the line?—Yes, I do not think there is any mystery in estimating it.

1847. Do you think that any private company would undertake to invest a large sum of money in a railway on their own responsibility without employing men of experience to give an opinion?—No.

1848 Then what would not be done by any private company is done by the Government?—I do not see that quite.

1849. But you say that they did not employ men of experience?—But they trusted in a great measure to the officers of the company.

1850 To the officers whose line they were going to guarantee?—In a great measure

1851. That is what has been done generally, I suppose?—Yes.

1852. Is that done at the present time with regard to extending lines?—The officers of the Government, and of the company, are consulted. (Mr. *Thornton*) I think the honourable Member has a little misunderstood Mr. Danvers. The course which is adopted by Government on an occasion of the kind, is this If the question were one of making any branch, they would get the line thoroughly surveyed, and in all probability they would employ for that purpose the railway engineers of the railway company; but they would not let those railway engineers decide for them; they would simply get from them the surveys, which represent facts, and moreover, the surveys would be superintended by the consulting engineer of the Government. Whether he can be called an engineer of railway experience depends upon what you mean by railway experience. There are a great number of railway engineers in India who have got all their experience in India; but railway construction has been going on there for a great number of years, and it is quite possible for these officers of Government to have got experience there. We will assume, for the sake of argument, that the surveys have been made at the instigation of Government, they have been executed by the officers of the railway

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company under the supervision of the superintending engineer of Government. Then, when the Government have got this knowledge, these facts and data, on which they presume they may judge, they begin to judge. They may make a wrong judgment, or a right one, but they certainly do not trust to the officers of the railway company, and merely adopt their decision.

1853. Do you think that the Government, if they had been properly informed, would ever have guaranteed 5 per cent. on a line which is not paying its working expenses?—I am quite willing to believe that the Government are liable to make mistakes.

1854. Do not you think, speaking generally, that this system of guaranteeing, and the terms of the contracts, have been financially disastrous to India?—I think so, certainly; but I do not think that the evils of the system should be exaggerated.

1855. You speak not only of the system of guarantee, but of the terms of the contracts which have been entered into?—Yes.

1856. In what respects do you think that the contracts which have been entered into have been disastrous to India?—I think that the contracts are a perfect disgrace to whoever drew them up; for they contradict themselves two or three times in the course of their several clauses, and they are seldom appealed to for the protection of Government interests without turning out to be practically worthless for that purpose.

1857. In what respect do you think that they are disastrous to India?—I will not say that it is expressed in the contracts; but whether expressed or not, this is the necessary result of the way in which they are drawn up, that a railway having been commenced, and commenced on the understanding that a certain guarantee would be given by the Government, whatever the railway might cost, the Government is practically bound to continue the guarantee of interest upon the expenditure; therefore, of course, the undertakers of the railway, the company, are deprived of one of the great inducements to economy; they know that whatever blunders they make, those blunders will not prevent their getting full current interest on their expenditure.

1858. In fact, what it comes to is this, that whatever blunder is made by the company, the company does not pay for it, but the Government do; that is to say, that the people of India do?—Precisely.

1859. I suppose that as time goes on the rate of interest will decline in India; it has been declining, I believe, during the last few years?—I believe so.

1860. Will the Government, under their contracts in that case, be obliged to guarantee 5 per cent. for all the additional capital?—Certainly not.

1861. Mr. *Crawford* (to Mr. *Danvers*).] Do you concur in all the answers which have been given by Mr. Thornton?—I cannot say that I do.

1862. Mr. *Fawcett* (to Mr. *Thornton*).] Mr. Danvers gives his answers as an official; so do you, do you not?—We neither of us dissent as to the facts, only as to the conclusions, I think. (Mr. *Danvers.*) We may agree as to the conclusions if it is proposed to extend the guarantee system to an unlimited extent.

1863. You quite agree with Mr. Thornton in this, as I understand you, that, considering what the guarantee system has done in the past, you do not wish to see it extended?—Not for that reason; I consider that the guarantee system has fulfilled a most important purpose, and I do not think that any other system would have enabled the Government at the time to have constructed the system of railways that has been carried out in India.

1864 (To Mr. *Thornton.*) What have you to say on that point?—I take the very opposite view; I think that the guarantee system has not served any purpose whatsoever which might not have been better served without it.

1865. (To Mr. *Danvers.*) Did Lord Halifax try to put an end to the guarantee system?—He tried to subsidise railways; that is to say, to grant so much money per mile to the railway companies as an inducement.

1866. But he did not try the system of Government construction?—No.

1867. Therefore Government has not constructed sufficient yet to enable us to compare the two plans?—No.

1868. What I understand is, that the system of guarantee is going on at the present time constantly?—It is in operation, but I do not think that it is the intention of the Government to extend the system.

1869. I mean, under the present arrangement, it will go on every year, will it not; even if a guarantee is not given to a single new railway, the amount of capital which will be guaranteed to railways already existing must be constantly increasing?—Inasmuch as you can never close the capital account of those railways, that will be so to a certain extent.

1870. *Chairman* (to Mr. *Thornton*).] Do you recollect that some few years ago the Secretary of State for India in Council determined to put an end to the guarantee system and to carry on the construction of railways upon some other basis to throw the whole responsibility of profit and loss of the additional cost of construction on the railway companies?—He certainly did contemplate such an idea; one company to which you are alluding was called the Tramway Railway, and another the Indian Branch.

1871. Those were attempted to be carried out on the new system?—Yes, but not on the system which I myself should have proposed.

1872. The third system, which has not been adopted until recently by the Secretary of State was, that of the State itself undertaking the construction upon capital to be borrowed by Government?—Yes.

1873. That is the alternative which has been recently adopted?—Yes.

1874. Then the second alternative of the Government giving a subsidy which may be called the continental system, is one that the Government attempted to carry out and failed to carry out?—Yes; it failed on this account, that the English public would not subscribe their money; and how was it to be expected that they should when they could get 5 per cent. by subscribing to some of the existing railways?

1875. Do you recollect some one attempting to negotiate a contract with the Government upon that basis and that the difficulty was that the Government would not part with its power to interfere with everything, so that it was impossible for the company to undertake the responsibility which Government wished to throw upon them?—Yes, I have a certain recollection of that.

1876. And

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1876. And that was a negociation that lasted I think for one or two years in the hope of arriving at a solution, but the difficulties that arose from the powers which the Government of India claimed were found to be insurmountable upon that basis?—But then it must be understood, that the Government of India claimed these powers of control to which the promoters of the company objected in consideration that they were to make contributions to the railway company in the shape of money; they were not to guarantee but they were to give subsidies.

1877. Still it was thought by the negociating parties that those powers of interference would have rendered it too hazardous to accept all the consequences absolutely of profit and loss, both of construction and of working?—I do believe that those powers demanded by the Government would of themselves have sufficed to prevent the public subscribing; but I doubt very much whether, even if the Government had not made the demands that they did, the money would have been subscribed.

1878. Still that was the difficulty that arose, that it was thought necessary in India, having regard to the special circumstances, that the Government should interfere largely and control largely, whereas the company claimed much larger power of independent action if they accepted all the consequences of profit and loss?—Yes.

1879. Mr. *Crawford.*] As the result, it has been found expedient to fall back on the old system in the case of the Oude and Rohilkund, and the Carnatic Railway Companies, with the modifications which Mr. Danvers stated just now?—That has been found expedient, certainly.

1880. Sir *C. Wingfield.*] The offer was distinctly made to the Oude and Rohilkund of 100 *l.* per mile for 20 years, or 1,000 *l.* a mile down, and they could not raise the money on that?—Precisely.

1881. Mr. *Fawcett* (to Mr. *Danvers*).] When you said that India could not be supplied with railways without the system of guarantees, I suppose you mean that they would not have been made by private companies; you do not mean to say, do you, that the State could not have constructed them?—Yes, I meant that.

1882. Why do you think that?—Lord Dalhousie himself acknowledged that, and the question was carefully considered at the time.

1883. But if the State could have borrowed the money, why could not they have constructed the railways?—As you were saying just now, they had not the railway experience among their officers which would have been requisite.

1884. Why could not Government employ agents and engineers just the same as a private company or a private corporation?—I suppose on grounds of policy they considered it inexpedient.

1885. But they could have done it, could they not?—Yes.

1886. Therefore it is not correct to say that it could not have been done?—No, it could have been done of course; but I doubt whether the information that could have been given to contractors or men of capital in this country was sufficient at that time really to tempt them to undertake the risk without very great additional cost to the State.

1887. But could not the Government have borrowed money, not upon the security of these railways, but upon the general security upon which they were borrowing money at the time, and have spent that money in these works?—They could have raised money direct from the public; but I believe there have been cases where Government have paid a highter rate of interest on a direct loan than that they paid to the companies. I think in the year 1859, they were obliged to pay 5½ per cent. in raising money from the public, whereas they only paid 5 per cent. to the companies.

1888. On the average, however, they could have borrowed lower than the rate which they paid to the companies?—Yes.

1889. Mr. *Crawford.*] Do you recognise any advantage in the admixture of mercantile experience which the railway companies so largely afford in the construction and administration of railways in India?—Yes; that has been an advantage no doubt.

1890. Partly from the knowledge which the directors of those companies bring to the business they are engaged in, and partly from the advantages they have owing to experience in making contracts for supplies of goods, and so on?—Yes.

1891. Do you think that the Government would have purchased, if it had been put upon them to do it. The vast amount of material which has been purchased at times by the railway companies, on terms altogether as good as the companies have secured by their knowledge?—I do not know why they should not have done so.

1892. Sir *C. Wingfield.*] Do you recollect that minute which was drawn up about three or four years ago, under the Government of Lord Lawrence, on the future construction of railways in India?—Yes.

1893. Was there not an opinion expressed in it to this effect, that a well-selected line of railway made at reasonable cost might be expected to yield receipts equal to the interest on the money spent in it within 10 or 12 years from the time of opening its entire length, and not before?—I think so.

1894. That is to say, that until it has been opened throughout from terminus to terminus 12 years, you could not calculate on its yielding receipts equal to paying 5 per cent. interest?—You cannot expect the commercial value of a line to be fully developed before a certain time.

Tuesday, 19*th March* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Crawford.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. WILLIAM THOMAS THORNTON and Mr. JULAND DANVERS, re-called; and further Examined.

Mr. *Thornton* and Mr. *Danvers.*

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1895. Mr. *Fawcett* (to Mr. *Thornton*).] I BELIEVE you wish to correct an answer which you gave in reply to a question which I put to you on the last occasion, as to whether 2,000 bridges and viaducts had not required to be repaired on the Great Indian Peninsular Railway?—Yes. When the question was put to me the number seemed so enormous that I thought it must be an exaggeration; but on referring to the Despatch from the Government of India I see that 2,000 is the number which they mentioned; not of bridges and viaducts, but of masonry structures, which means of all descriptions.

1896. You last time said that you considered these railway contracts extremely unfavourable to the interests of the people of India; would you more explicitly state in what respects you think they are unfair to India?—If I were to express such an opinion as that it would be with reference rather to the guarantee system as expounded by the contracts, than to the contracts themselves. I should certainly find great objection to the contracts, because they contradict themselves so much; and, as I said the other day, when they are appealed to for the protection of Government interests they are almost always found to be practically worthless; but what I rather meant was, that the guarantee system which the contracts purport to explain, is what I consider detrimental to the interests of the people of India.

1897. But, as far as I understand you, you not only object to the policy of the guarantee system, but you also, in addition to that, think that the terms of the contracts are not sufficiently precise, and that they are even occasionally contradictory, so that they do not give the Government of India sufficient protection for its interest?—Certainly I do think so.

1898. Could you give one or two instances to illustrate that?—It is quite possible that in my replies I may not be strictly correct, because one must have the words of the contract before one in order to be perfectly accurate; but, generally speaking, this is one thing that you find: in one part of the contract it provides that at the expiration of the term of 99 years, the railway shall become the property of Government for nothing. Taking that clause by itself, you would understand that the Government providing the land, has let the land to the company on building lease, that is to say, that they shall construct their railway on the land, shall keep the land for a certain number of years, and that when the lease expires the railway, with everything on it, shall revert to the Government precisely in the same manner as houses built on land let on building lease revert to the ground landlord. You will find one clause, or perhaps one or two clauses in the contract, which taken by themselves are to that effect. Then you will find another clause a little further on (I am not quite sure that it is not the very next clause), which says that if any time before the expiration of the lease the company think proper to surrender their railway to Government, the Government then must pay them the full amount of the capital which they have expended upon it. So that while in the same breath the contract says that in the 99th year the Government shall get the railway for nothing, it says also that in the 98th year, if the company think proper to demand it, they may get the full value of the railway. That is one contradiction.

1899. Could you give another instance?—There are one or two more, but I cannot think of them at this moment.

1900. Then what your previous answer shows is, that although one part of the contract seems to be favourable to the Government or people of India, the advantage which they derive from that is destroyed by something contradictory to it further on?—In that instance it is decidedly so. I say that nobody can read the contract without astonishment in finding it contradict itself in that way.

1901. Then when you say that the Government, if the railway likes, is obliged to buy it at the expiration of any period less than 99 years, paying the capital expended, of course they have to pay the capital that has been expended through mismanagement and extravagance on the part of the railway company?—They are to repay the whole amount of capital paid into the Government treasury, or rather, I should say all the

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the money which has been admitted into the capital account. No money is to be admitted into the capital account which has been expended without the sanction of the Government; but I cannot help thinking that there is a contradiction there; without having the contract to refer to, I cannot be quite sure, but I think that while it says this in one place, it also says in another that, although no money is to be put to the capital account unless it has been expended with the sanction of the Government of India, guaranteed interest is to be paid by the Government until the expiration of the term of contract on all the capital subscribed paid into the Government Treasury, however expended.

1902. *Chairman.*] Is not that reconciled by the clause that no money is to be paid out of the Treasury without the consent of the Government?—Nevertheless it has occasionally happened that money has been spent without the sanction of the Government. It has been found on one or two occasions that men have run away with the money. It also has been found that money having got into the hands of company's officers for one purpose has been expended for another purpose, or at any rate in anticipation of a sanction which has not afterwards been given. In all those cases expenditure has taken place without the sanction of Government. Now if I recollect rightly, at the end of the 99th year, when, if not before, the capital account must be made up, the Government will be entitled to exclude from the capital account all unsanctioned items of expenditure; and I think, also, will not be bound to pay back to the company, in taking over their railway, the amount of any unsanctioned expenditure; but, nevertheless, until the 99th year, and during the currency of the lease, even with regard to money which has been spent without their sanction, they are bound to guarantee 5 per cent.

1903. Mr. *Fawcett.*] But illustrating your answer by a distinct example; what I understand you to say is this: that, for instance, the Great Indian Peninsula Railway Company could compel the Government to take over that railway at any time, repaying all the capital which that railway company has spent, including the money which has been spent in doing these 2,000 bridges?—Undoubtedly it can do that.

1904. Therefore what I say is correct, that the Government is bound at any time to take over a railway at the request of the railway company, paying not only all the capital to the company which has been expended in the construction of the line, but also the capital which has been rendered necessary to be spent through the extravagance and mismanagement of the company?—Just so.

1905. Who are responsible for these contradictory contracts which are likely to prove so disastrous to India?—Well, I should think that it must have been the law officers who drew up the contracts.

1906. Then they were submitted, and I suppose they have been submitted up to the present time, to the Secretary of State?—Well, undoubtedly they have, but then I suppose that the Secretary of State has done what most private individuals would do; having secured the services of counsel he takes it for granted that they understand a legal document better than he, and that in the document they have expressed his wishes. And moreover, if you have a long legal document before you, you are very likely to overlook parts of its meaning; it is not till you have occasion to turn to it that you find, to your astonishment, that your interests have not been protected as you had supposed they were.

1907. Have any of these contracts been submitted to the Indian Council?—All those which have been executed since there has been an Indian Council have been; but you must never forget that most of the railway companies were established during the time of the East India Company.

1908. But I suppose we rightly understand that there is a Committee of the Indian Council specially to inquire into railway matters?—There is now.

1909. And that Committee still allows these contracts to go on?—With the proviso which I have just given; I say that there is a railway committee now, and has been ever since there has been a Secretary of State in Council. In the time of the East India Company I do not think that there was a railway committee, but there was a corresponding committee before whom the railway business came, and it cannot be denied that both these committees have allowed whatever contracts have come before them to pass with their errors.

1910. Since the constitution of the present Council the railway contracts, which have been entered into do not seem, do they, to have been more carefully examined, or less contradictory than the contracts were before the establishment of that Council?—Well, I do not think they have.

1911. Mr. *Crawford.*] The language that you used the other day is this: you said, "I think that the contracts are a perfect disgrace to whoever drew them up." That is rather strong language. Will you allow me to ask you whether you consider that they are a disgrace as to the conception and general terms of the contracts, or as to the manner in which they have been put into legal language?—The manner in which they have been put into legal language.

1912. Then you do not consider that the terms of the contracts, generally speaking, are disgraceful?—I did not at all intend my word "disgraceful" to apply to the conception; simply to the mode in which the contracts have been drawn up.

1913. I believe the contracts are all founded on first contracts which were drawn up between the East India Company and the East Indian and the Great Indian Peninsula Railway Companies in the year 1849?—I think that forms the basis of all the succeeding ones.

1914. Is it not the fact that the heads of those contracts were prepared by Mr James Wilson, then Secretary to the Board of Control?—I dare say.

1915. When they went into the hands of the East India Office they went into the hands of the solicitor, Mr. Lawford?—Very likely.

1916. Then it is to Mr. Lawford that the language you have used applies?—If Mr. Lawford is responsible for the phraseology, undoubtedly it is.

1917. You say that your reflection on the contract lies in the language in which the covenants of the contracts are expressed more than in the terms of the contracts themselves?—I am afraid that I must a little correct my words; it is not merely to the language, certainly, that my objection would apply; it is to the way in

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which the terms of the contract contradict each other, and render each other valueless.

1918. You said exactly the reverse in answer to an earlier question of mine?—I wish to correct that answer; I was not considering the whole meaning of your question. When I first answered your question, I was doing it a little hastily, or not with sufficient thought. What I meant was this, that the law officers of the office having received their instructions had not carried out their instructions properly; that they had not expressed the idea which was intended to be conveyed to them. I mean something more now. I mean that it being their business to see that the instrument which they drew up should protect the interests of their clients, they did allow it to contain contradictory clauses which completely neutralised each other, and therefore deprived the instrument of the protection it was intended to afford.

1919. May it not be the fact, that what you term contradictory clauses, were the results of the negotiations which passed between the companies, represented by their legal advisers and the legal advisers of the East India Company?—I should say that even if it were so, that is no excuse whatever for a document which professes to describe the relations of two parties, containing clauses absolutely contradictory of each other.

1920. As to the particular clause which you were referring to just now, it is very evident that it is a great protection to the railway company; I do not suppose you will say that it is disgraceful on the part of the railway company to have sought to get a clause of that kind?—I should never have thought of calling it disgraceful of the railway company to endeavour to protect their interests in the best possible way.

1921. I was very much struck by the word which you used, and turned it over to see to whom it was intended to apply; are we to understand that it is intended to apply to the legal advisers of the East India Company?—I only intended it to apply to them. By the way, I should like now to give another illustration of what I meant. Here is something to which I had occasion to refer myself the other day. I wanted very much to know what course would have to be adopted in case the Secretary of State should desire to purchase any one of the railways at the expiration of the 25th or the 50th year. It is provided in the contract that having signified his desire to take over one of the railways, he may pay for it in either of two ways; he can either pay down a lump sum for it, or instead of paying a lump sum he may give an annuity which shall last during the remainder of the contract; and with reference to the rate of interest which is to be used in calculating the annuity, it uses the following words: "the rate of interest that shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company by the Secretary of State in Council, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being." Now I want to point out (and it is really very important to do so) the extreme ambiguity of those words, for I do not find that any two persons agree upon what the meaning should be. If we take the words literally "the average rate of interest during the preceding two years received in London upon public obligations of the East India Company," would be an average rate depending partly upon the per-centage of interest payable upon certain stocks, 10 per cent. upon one, 5 per cent. upon another, 4½ per cent. upon another, and 4 per cent. upon another, and upon the amount of money invested in those various stocks. Taking the words literally, "that would be the meaning of the words, that is to say, that the average rate of interest would be something between 10 per cent. and 4 per cent. But nobody reads the words in that sense; everybody that I meet with assumes that what is meant is not the rate of interest received in London upon the public obligations themselves but upon the value of those public obligations, which is quite a different thing, because the interest of your money if you buy into the 10 per cent. stock would not be 10 per cent. or anything like it; and if the meaning is the rate of interest received upon the value of public obligations, then the particular rate which is to be used in this very important operation of determining the annuity to be paid by the Secretary of State will not be something between 10 and 4 per cent., but something between 5 and 4 per cent.

1922. *Chairman.*] At the time the contract was made, was there any other obligation on the East India Company on which interest was receivable in London, except an obligation with a varying rate of interest, so that the capital was kept up at nearly par value?—Yes; take this particular one; this 10 per cent. stock.

1923. That did not exist, did it?—Most undoubtedly it existed. It has existed ever since the East India Company existed, or at least for a long time.

1924. It was not an obligation of the East India Company, but a stock of the East India Company?—If obligation does not mean stock, what does obligation mean?

1925. Obligation is a long word for "bond," is it not?—But do I need to refer to the matter more to show how badly these contracts are worded when there is a doubt as to what the very word "obligation" means? Up to this time I have never heard anybody doubt that it meant stock.

1926. I should have thought it meant that which existed when the contract was made?—It says, "the average rate of interest during the preceding two years received in London upon public obligations of the East India Company."

1927. You are aware that at that time there was An Act of Parliament which prohibited the East India Company from issuing any obligations of which the interest should be payable in London except a limited amount of bonds, which is a convertible word for obligations?—Nevertheless this particular stock did exist then.

1928. Mr. *Crawford.*] Stock is a property, and obligation is a debt, is it not?—Yes; but the obligation or debt of one party is the stock or property of the opposite party.

1929. *Chairman.*] Would you say that the bonds issued by a railway company, which are its obligations, are the same thing as its own stock; which is the stock responsible for, the obligations of the company, that is to say, its capital?—But, with the greatest deference, that is quite confirmatory of my view; for, say that obligation is not a property, and if that is the

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case, what can be the meaning of interest received upon an obligation.

1930. Is it not so, that the Act of Parliament then existing with reference to the East India Company prohibited them from issuing obligations of which the interest was receivable in London, as contradistinguished from the obligations of which the interest was specially payable in India by the Government of India; were they not all obligations of the East India Company; the whole debt of India was an obligation of the East India Company; did not the Act of Parliament prohibit them from issuing those securities in England?—Supposing I were to admit all that (which I am quite willing to do), I do not think that my case would be a bit the less valid. Supposing that the 10 per cent stock did not exist, or that it is not an obligation, at any rate it will not be disputed that the various railway stocks upon which the Government is bound to pay interest are obligations.

1931. Are they obligations of the East India Company existing at the time that contract was made of which the interest was receivable in London?—Wherever you have the words East India Company in the contract, they are to be converted into "the Secretary of State."

1932. Is not the obvious meaning of that exactly consistent with what you say is the popular meaning; therefore do we not find that the strictly legal meaning and the popular meaning of that term exactly coincide?—It may be so; I confess that it is not my own view.

1933. When the contract was made there was an Act of Parliament which exactly defined the meaning of the term, and since then that Act of Parliament has been entirely abrogated, and the whole state of affairs has been changed; at the time that was made the Act of Parliament prevented there being any doubt, but since that the whole state of things has been changed, and it is no longer applicable to the terms which were then used, and therefore the obscurity arises not from the making of the contract but from the change of circumstances since the contract was made, does it not?—I am not convinced; I think that the answer which I might have given is that, even if it were so, that would not justify the repetition of the same words in succeeding contracts; but what I want to prove is that the lawyers had not properly considered what they were about.

1934. Mr. *Crawford.*] Can you confirm the impression which is upon my mind, having taken some part in those proceedings at the time, that the clause which you have been commenting upon was written by Mr. James Wilson himself, he being a very great authority on all matters connected with annuities and public obligations, and things of that kind?—It seems to me that the respect due to authority is that of patient listening and examination of what is said; and I should not think that a thing was better sense because Mr. Wilson had said it, if I did not think it sense before.

1935. You state that the wording of the contract is liable to objection, and then you state that in your opinion it may be the fault of the persons who drew the contract; it is strongly impressed on my recollection that Mr. James Wilson himself prepared those words?—But if it is so, it seems to me that the lawyers ought to have taken more care, and ought not to have taken his words if the meaning were not clear.

1936. *Chairman.*] Do you think that you could undertake to look into the records to see whether there is any foundation for this view of the matter, that the original proposal of the Government contained one set of terms, and that the intending railway companies objected to those terms, and put in what may be called countervailing clauses to prevent what they considered the harsh operation of the terms, which in the first instance were adopted by the East India Company; and that those modifications having been finally accepted by the Court of Directors, the contract appears in its present balanced form, if I may use the phrase, being the result of the claims made by both sides by the Court of Directors for the benefit of India, and by the railway companies for their own benefit?—I have not the least doubt that that is the proper explanation, but I do not think that it affords the smallest excuse for the law officers of the Company or of the Secretary of State. We will consider that the draft was originally drawn up by the law officers of our office, and that it was at first a homogeneous, coherent, and consistent document; but that the railway companies wanted certain alterations, and that these were introduced, and not unnaturally create a certain amount of inconsistency. But what are these law officers for, except when they go over the document at last, to remove these inconsistencies, and not to leave one clause which professes to protect the interests of Government perfectly neutralised by the next?

1937. But was it not matter of substance with which the solicitors had no concern, namely, the railway companies, on the one hand, insisting on their points, and the Government, on the other, insisting on their points, and was it not the result almost of an insuperable difficulty, the Government requiring absolute control over the expenditure, and the railway companies requiring compensating provisions to meet that claim of the Government; and then was not the result that indirectly the whole responsibility of everything was thrown on the Government?—If that be so, that is a mere transfer of responsibility. I called the conduct of the law officers disgraceful on the understanding that they were responsible for the drawing up of the contract; but if they were not responsible for the drawing up of the contract, but somebody dictated to them, of course it is that somebody who dictated to them who is to blame.

1938. Mr. *Hermon* (to Mr. *Danvers*).] Was not there a railway opened between Jubbulpore and Calcutta in 1870, called the Chord Railway?—What is called the Chord line is a line which connects Calcutta with the higher portion of the East Indian Railway towards Allahabad.

1939. What distance does that save from the old railway between that and Calcutta?—I think about 70 miles.

1940. And what was the purpose of that railway being made?—Partly to shorten the distance, but chiefly for the purpose of developing the coal resources of the district through which it passed, by means of which the working expenses of the line were expected to be very much reduced.

1941. But you are aware that the country through which that railway passes is very sparsely inhabited?—It is not thickly populated.

1942. Nor much cultivated either?—No; the chief object was to develop the mineral resources of the district.

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1943. Has it done so?—Yes.

1944. Was it not supposed that this railway was to expedite the transmission of the mails?—Of course it would have that effect, but that was not one of the chief objects of making it.

1945. Did it have that effect?—Certainly.

1946. But are the letters delivered any sooner than by the old route?—They are certainly conveyed quicker those 70 miles being saved.

1947. I am informed that, though they arrived a little bit earlier, there was no difference made, that the practical result was that the mails arrived in Calcutta three or four hours sooner, but the letters did not come into the hands of the public any sooner?—The journey was less, and the time occupied in conveying them was, of course, less also.

1948. Do you know what it cost to make that Chord line?—Speaking roundly, about 2,000,000 *l.*

1949. And what return has it given?—It is difficult to answer that question with any precision, as it is a part and parcel of the main line.

1950. From your experience, do you think that it has given any result whatever commercially?—It certainly has reduced the expense of bringing down merchandise from the upper parts of India to Calcutta. It has also, by developing the coal districts through which it passes, enabled the railway company to work their railway cheaper; and I am in hopes that it will enable them to charge less, and thereby help still more to promote the commercial prosperity of the country.

1951. Then you are not of opinion that it has been a drag on the trunk line, because it has developed a coal district which may be useful to them?—Just so; that is one reason.

1952. But otherwise, if it were not for the development of that coal district, you would have thought it an unnecessary thing to spend those two millions of money on that railway?—I should have doubted very much whether it would have been expedient to construct the line, but for the coal district which it opens.

1953. Sir *T. Bazley.*] How many railway gauges have been adopted in India?—Two.

1954. The 5 ft. 6 in. gauge being one?—The 5 ft. 6 in. is what was the standard gauge; the gauge now applied to certain State lines is the French metre, 3 ft. 3⅜ in.

1955. What extent may there be of the latter, the smaller gauge?—I do not think that any narrow gauge railways have been opened yet; they are in course of construction.

1956 What saving do you expect will be effected by the adoption of the narrower gauge?—Mr. Thornton will be able to answer that question better than I can.

1957. (To Mr. *Thornton.*) What have you to say on that point?—Of course only expectations can be formed at present; but I can mention one or two facts to serve as a basis to found expectations upon. Very recently the India Office was informed by the Government of India that a contract had been let for a railway through a part of Rajpootana, from Agra to the Sambhur Lake. It was let to Messrs. Glover & Co., of Bombay, for something between 1,300 *l.* and 1,400 *l.* a mile, exclusive of certain things which the Government are to provide, viz., English materials, rolling stock and sleepers; but the Government being very well able to calculate what the expense of these will be, are perfectly satisfied that the railway will be made under 5,000 *l.* a mile, everything included, and made in two years from next July. The broad gauge has varied in price; the lowest is 9,000 *l.* and the highest is 23,000 *l.* a mile. (Mr. *Danvers.*) A broad-gauge line has recently been constructed in Kattywar, which will not cost more than 8,000 *l.* a mile.

1958. Mr. *Fawcett.*] Is that under the guarantee system?—Under the guarantee system. It was constructed by the Bombay, Baroda, and Central India Railway Company; it is between 70 and 80 miles in length.

1959. Sir *T. Bazley.*] If, therefore, the narrow gauge had been originally established in India, it would have doubled the extent of the railway accommodation?—It is not possible to say positively that it would have had that effect.

1960. But you admit that there would have been a great increase of railway communication for the same expense if the gauge had been narrower?—It would of course have increased the means by which railways could have been extended if they had been constructed cheaper than they have been.

1961. Then, from the difference in the ratio of cost, it would appear that nearly double the extent of railway accommodation might have been established had the narrow gauge been first adopted?—If you assume that all the money which has been expended upon the present system would have been employed, and that the cost would have been half, your position is quite correct.

1962. Are most of the railways constructed upon the double-line principle?—No, only a small proportion of the mileage open is constructed with a double line.

1963. The Great Indian Peninsula Railway is, is it not?—Only a portion of it.

1964. Sir *C. Wingfield.*] The roadway admits of a double line?—It does, as a rule.

1965. Mr. *Crawford.*] And the bridges?—Not all.

1966. Sir *T. Bazley.*] Can you say what capital has been invested in the construction of double lines of railway, because although single lines prevail in India, yet to the extent of 710 miles, it would appear that double lines are in existence?—I think that on the average doubling a line would cost 2,000 *l.* a mile, with the rails that have been adopted for the broad gauge.

1967. In some cases double lines have been almost indispensable for the extent of traffic?—They have.

1968. Is it necessary to construct and conduct the railways under Government superintendence in India, beyond the superintendence of the railway companies?—I think so.

1969. What may that add to the expense?—The calculation has been made, but I am unable at this moment to recollect the figures.

1970. Is it a very costly charge?—Not very costly.

1971. By your last return it appears that 5,051 miles of railway have been constructed?—Yes.

1972 Supposing that we had the information to the present moment, what would be the extent of railway accommodation in India?—I do not think that more than 100 or 200 miles have been added during the course of this year, so that it would be about 5,200 miles.

1973. Do you know anything of the establishment of tramways in India?—I am not aware of the existence of any.

1974. Of

1974. Of private companies, I mean?—One private company was established, but the tramway which it undertook has been converted into a railway.

1975. According to present engagements, what additional length of railway has to be constructed in India?—The length remaining to be finished is about 2,200 miles; that includes the State lines which have been sanctioned, and which will be carried out by direct Government agency. The length of line which the companies have to complete, is about 850 miles.

1976. Then, up to the present time you conceive that about 7,000 miles of railway are either already established, or in projection?—Yes, about 7,500.

1977. Do you see the possibility of reducing the cost of constructing the railways in such a manner as to facilitate their rapid extension?—I think that our present experience will enable the Government, or the companies, to construct railways at very much less cost than the present average cost.

1978. As much as 30 per cent. less?—More than that, I should say 50 per cent.

1979. Sir *C. Wingfield.*] Putting the present average cost at what?—At 18,000 *l.*

1980. Is it not the case that in the Minute of the Government of India on the subject, they say that by adopting this system they expect to make the railways at a cost not exceeding 10,000 *l.* or 12,000 *l.* a mile?—Yes; but I hope it will be even under that.

1981. Sir *T. Bazley.*] Has the Government guarantee ceased to be granted?—It is still applied to existing companies.

1982. But you do not hold out inducements to further companies?—No.

1983. Sir *D. Wedderburn.*] Can you tell me whether that cheap Kattywar line is fenced or unfenced?—Unfenced.

1984. Might not a very considerable saving be effected by leaving the lines in India unfenced as they are in America?—I think so in many places.

1985. I find in your report the number of native shareholders given at 368 as against 440 Europeans in India, and 51,079 in England; can you tell me what amount is held by these native shareholders?—I am afraid that I can only tell you the amount of capital held in India by natives and Europeans together, that is upwards of a million; what proportion is held by natives I am unable to say.

1986. The number of European shareholders in India is in excess of that of the natives, but you cannot tell me what the amount held by them is in excess?—Besides the European shareholders in India, there are 51,000 in England holding 92,000,000 *l.* With regard to shareholders in India, I cannot say exactly what proportion of the 1,000,000 *l.* is held by Europeans and natives.

1987. Mr *Dalrymple.*] Is that proposed line of railway westward to Agra, which afterwards joins the Great Indian Peninsula, part of Lord Dalhousie's scheme?—Yes; Lord Dalhousie originally proposed that railway communication should be formed between Bengal and Upper India and Western India.

1988. Sir *D. Wedderburn.*] Is that Kattywar extension now open for traffic?—It is, and the line was only commenced about a year ago, so that it is an example of great expedition as well as cheapness.

1989. Sir James *Elphinstone.*] Can you state to the Committee the different kinds of fuel used on the railways in India?—Coal, both native and English, and wood, and coke to a small extent.

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1990. Could you give a statement of the districts in which these various descriptions of fuel are used?—The Bengal railways are able to obtain coal from local sources, from Burdwan and Raneegunje, and the mines that occur on the Chord line, before referred to. Western India is dependent upon England for a supply, and so is Madras. In these provinces, as well as in Upper India, wood is much used.

1991. Have any complaints ever reached you of the quantity of wood which is being annually consumed on the railways in Madras, and on the eastern and western coast of India?—A deficiency of supply has sometimes arisen.

1992. But have there not been remonstrances against denuding the country of wood for the purposes of railway fuel?—The remonstrances that have reached me have been rather the other way, in the shape of complaints that the supply is not sufficient for the railway wants I believe there is no doubt that some of the forests have been very carelessly felled, but the administration of the Forest Department is being improved.

1993. Does it not lead to affecting the water supply by denuding the hills of wood at the rate that you are doing for consumption on the railways in India?—I have not heard that it has had that effect

1994. Are you aware that 70,000 tons of wood are annually burnt on the railways of India?—I was not aware that that was the exact amount.

1995. Has a patent fuel ever been tried on the railways in India?—Yes, and successfully.

1996. That of course is imported from England?—Yes.

1997. Would it not be more profitable than destroying the forests in the neighbourhood of the railways if patent fuel was manufactured in this country especially for the purpose of the Indian railways, and exported, say, from Cardiff, from which the freight is reasonable?—It is being exported from Cardiff at this moment, but it would be better still if the patent fuel could be made in India.

1998. But is there not a good reason against that, that the coal deteriorates in its passage to India, and under the influence of the heated atmosphere there?—I allude to the employment of native coal.

1999. Has patent fuel been made from that?—It has never been made extensively.

2000. You are not aware whether it is made from the live coal taken out of the pit before the gases have evaporated, or after it has lain on a heap, what is called small coal in this country?—It has only been made experimentally in India; never to any extent.

2001. Not systematically?—Not systematically.

2002. But in the forest countries where it is important to maintain the sources of the supply of water, do you not think that it would be as well that the Government should endeavour now to institute a system by which they may have a permanent supply of fuel rather than exhaust those forests, and run the risk of doing permanent damage to the country?—Certainly, and I think they are doing so.

2003. That matter is under consideration?—In operation, I should say; the Forest Department is now very well organised, and I fancy that

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that the objects you allude to are kept in view very carefully.

2004. The Forests Department cannot control the enormous expenditure of 70,000 tons of wood or supply it?—It can replant whenever wood is felled.

2005. Have you ever made any calculation in the Railway Department as to the relative cost of using patent fuel, as against coal or coke?—Yes, the matter has been gone very carefully into, and it is a curious circumstance that from one side of India we have very favourable reports, and from the other side unfavourable reports, of the very same patent fuel; it depends so much upon those who are employed in the Locomotive Department.

2006. The manipulation?—Yes.

2007. Is it certain that the patent fuel is of the same quality in both cases?—Yes, the very same fuel was sent out to both places, and yet the reports are different.

2008. Is there no means of inducing engine drivers to manage their stoking a little better, so that the one report should tally with the other?—That was tried, I think, but still there was either a prejudice or some well-founded objection to it in the one case. I do not know the exact cause. From Madras we have very high testimony in its favour; it has worked there very well, and is still used; but on the Bombay side it is just the reverse: the railway officers there would rather not have it.

2009. Might it not possibly be attributed in some degree to prejudice?—Possibly.

2010. Do you not think that it is a most important matter, looking to the future of railways in India, that this question of fuel should be immediately and closely investigated?—Most important that it should be kept well in view.

2011. Has any of the Burdwan or other coal in that part of the country been coked?—It does not coke well; it has been coked, but the coke generally used is sent out from this country.

2012. It is not a coal that cokes readily?—No.

2013. In fact, it is rather an inferior coal?—Certainly inferior to the English coal; I should say 40 per cent.

2014. As to the coal on the Nerbudda, what is the description of coal there?—We have very fair reports of it.

2015. Have you got into the coal field?—Yes; there is a branch from the main line into it.

2016. Is it worked by a company or by the Government?—The coal is worked by the Nerbudda Coal Company. the branch line by the Great Indian Peninsula Railway Company.

2017. And do they coal their engines from that source?—They are about to do so.

2018. Have they been encouraged to attempt the manufacture of the coke and patent fuel?—Not yet.

2019. *Chairman.*] I observe that in your report you use the phrase that "Lord Dalhousie laid down these lines," you mean that he sanctioned them, I suppose?—He laid down the plan, the system.

2020. Are you aware that the railways actually made were forced upon Lord Dalhousie, in spite of considerable resistance on the part of the Government of India, by railway companies?—I do not think that would apply to Lord Dalhousie. I think that the pressure which you allude to took place before he arrived in India; but I am only speaking from recollection.

2021. Can you explain upon what ground this new gauge of the metre has been adopted; who recommended it?—It has been adopted upon the recommendation of the Government of India upon the ground of economy.

2022. But upon what scientific or other engineering advice did they adopt it?—A commission was appointed some two years ago to investigate the whole subject of gauge, and they came to the conclusion that a much narrower gauge than the present standard gauge would be advisable for future Indian railways, and the Government of India concurred in that view, and ultimately recommended that the metre should be the width to be adopted.

2023. I observe that very scientific people recommended what is known as the narrow gauge in use in this country, that others recommended a very small gauge, and that an eminent engineer, Mr. Fowler, recommended a larger gauge, the 3 ft. 6 in.; but I am asking you what scientific authority recommended to the Government the metre as the gauge?—No scientific opinion that I am aware of was given upon the subject beyond that advanced by the members of the Commission who looked into the whole question of gauge. (Mr. *Thornton.*) What really took place was this; the India Office appointed this commission which Mr. Danvers refers to, composed of Mr. Fowler, Mr. Meadows Rendell, consulting engineer to the East Indian Railway Company, Colonel Dickens, and Colonel Strachey; these gentlemen reported; they made two reports; Mr Fowler recommended the 3 ft. 6 in. gauge, and the other three recommended the 2 ft. 9 in. These recommendations went out to the Government of India, accompanied by protest from Mr. Hawkshaw and Mr. Bidder against any change whatsoever, and the Government of India, having all these conflicting views before them, decided for themselves.

2024. *Chairman.*] Then, in point of fact, each system having been suggested upon clearly and distinctly technical principles, the Government adopted a system which had no technical principles to support it?—The Government of India adopted a sort of medium or compromise between the several systems which other parties had recommended.

2025. As far as you know without any of those principles to support it; not based on any of those three different systems?—I think I can positively say that although the Government of India judged for themselves, they had distinct reasons, and very plausible reasons too, for the judgment they came too. They had before them the opinion of scientific men, although not pretending to be scientific men themselves.

2026. (To Mr. *Danvers.*) With reference to the new gauge, and the cost of it, can you state whether the permanent way is being constructed as durably as the permanent way belonging to the other railways?—It is a much lighter description of permanent way.

2027. But are the works and bridges as durable; do you know whether the principle has been laid down that the works and bridges should be constructed as durably in point of mode of construction as the works and bridges of the railway companies?—(Mr. *Thornton.*) I do not think that the standard of durability which has been adopted on the broad gauge system has been taken as the standard by which to judge of the narrow gauge; but this has been done; the greatest possible care has been taken to

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have the bridges made of such durability as the engineers are satisfied will be sufficient. One may take it for granted that on a narrow gauge there will not be the same weight as on the broad gauge, and therefore they do not think it necessary to have the same amount of support.

2028. The standard of durability would be whether they were made of wood or other material?—The same material is used. I am thinking at this moment of the bridges over the Punjaub rivers on the line from Lahore to Peshawur, those are made partly of masonry and partly of iron.

2029. And you mentioned the cost of the Rajpootana line, that it would be under 5,000 *l.* a mile?—Yes, the one from Agra and Delhi. There is one line that starts from Delhi and another from Agra; these two converge and meet at a point whence the line goes on to the Sambhur Lake; that is the railway I was speaking of. The contract for the line from Agra to the Sambhur Lake has been let for between 1,300 *l.* and 1,400 *l.* a mile, but the Government having to supply various materials, which will raise the price to something under 5,000 *l.* a mile, everything included.

2030. Mr. *Crawford.*] Is not the country there, practically flat?—I rather think it is.

2031. And no rivers to cross?—One or two, I think; there is one very important bridge, which raises the price per mile very much indeed, over the Jumna at Agra; that makes a very material increase in the mileage rate.

2032. Sir *C. Wingfield.*] Is that line intended to go to Indore?—To Ajmere and Nusseerabad; then from there it is not yet determined whether it shall go by way of Deesa to Ahmedabad, or by way of Neemuch to Baroda.

2033. It is not contemplated carrying it out to Indore?—There will be another line from Kundwa on the Great Indian Peninsula line: indeed it is now being made.

2034. Do you not contemplate connecting the two?—I think it is contemplated; in all probability there will be a connection from Indore to Neemuch, if Neemuch should be the point taken.

2035. Of course the Government of India have fully considered the great objection of a break of gauge in the connection between the East India Railway, and the Great Indian Peninsula Railway?—Certainly; but the question was not whether they should have the narrow gauge, or the broad gauge through Rajpootana, but whether they should have the narrow gauge or no railway at all; what they are quite determined, is to make no more railways that will not pay, unless obliged to do so for political reasons.

2036. *Chairman.*] Do you mean that these would not pay?—If made on the broad gauge they would not pay.

2037. Do you expect them to pay now?—Some of the railways that I have been speaking of, are made in a great measure for political purposes. Nobody hopes that the line from Lahore to Peshawur will pay; nobody hopes that the Indus Valley line will pay; but then those lines are considered essential for the defence of India.

2038. Do you anticipate that the lines made in Rajpootna will pay?—It is fully expected that they will pay on that cost of 5,000 *l.*

2039. Sir *C. Wingfield.*] That is to say, that that portion which goes to the Salt Lakes will pay.

2040. *Chairman.*] Do you know what the tonnage of the salt is, that is taken from the Salt Lakes?—I have had the particulars before me, but I cannot recollect them now.

2041. Do you mean that an estimate has been made?—All that kind of thing has been fully considered, and a full calculation has been made; they have considered what it costs now, and what it will cost then, how much is carried now, and how much will be carried then, and upon those data they found their calculation.

2042. Mr. *Crawford* (to Mr. *Danvers*).] A question was put the other day to Mr. Thornton by the Honourable Member for Brighton (it is No. 1835), in which these words occur: "For instance, take one very celebrated instance, the Government guarantee, three millions sterling, upon the Jubbulpore Branch of the East Indian Railway; that railway does not pay its working expenses up to the present time." Will you state to the Committee the facts with respect to that suggestion in the question?—The fact is that for one half year since it was opened there has been a deficit, but in every other half year it has covered its working expenses, and there has been a surplus.

2043. How long has it been opened?—Four and a half years.

2044. Then the accounts have been made up eight times?—Just so.

2045. And you state that in only one out of those eight half years has there been a loss?—Only one.

2046. Can you state what is the amount of profit in the account for the last half year of the series?—There have been, as you suggest, eight accounts made up. On the first occasion, after the line had been opened five months, there was profit of 2,240 *l.*; in the second half year there was a profit of 12,638 *l.*; in the third half year there was a profit of 7,687 *l.*; the fourth half year, the one ending the 30th June 1869, was the half year of the deficit, and it amounted to 10,560 *l.*; in the next half year there was a surplus of 1,712 *l.*; in the next of 8,583 *l.*, in the next of 9,035 *l.*, and on the last occasion, the 30th of June 1871, there was a surplus of 19,500 *l.*

2047. Then the allegation that in this very celebrated instance the railway does not pay its working expenses up to the present time is made upon very incorrect information as to the facts?—The facts are as I have given them.

2048. Did you not express an opinion, the other day, that the guarantee system, as applied to Indian railways, had accomplished very important ends?—Yes, I did.

2049. Will you state what they are generally?—I do not wish it to be supposed that I would advocate the continuance of the guarantee system; I think that it is open to many objections, and that it cannot be defended on any abstract principles of political economy; but I do think that under certain conditions and circumstances it may be properly applied; and I think that under the peculiar circumstances of India 25 years ago, it was a suitable system to introduce; I think the advantages have been great. By making a contract with a company in this country you obtained the continuous and almost undivided attention of a competent body of men to each particular undertaking; that was a great object gained. You also by the same means obtained a regular supply of funds, as money was required. You also opened a new channel

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for attracting English capital to India; and you obtained the opinions of various professional men in this country, whose experience was applied to a work novel to them in India; and you also provided means by which you should be able to judge in the course of a comparatively short time what would be the best permanent policy to pursue with regard to railways in India.

2050. And that is your opinion of the system which has existed up to this time?—Yes.

2051. You have stated what you conceive to be the advantage of it?—Yes.

2052. *Chairman.*] In addition to those advantages, did you not by the system avoid setting up a very large Government establishment, such as you now have, of engineers and persons who would be entitled to superannuation?—I do not think that that would have been necessary if the Government had made the lines themselves; they might have made temporary engagements with engineers and other persons.

2053. But you have found it necessary now; you have set up a college to begin with, established superannuation, and gone through the whole routine of Government expenditure?—Yes.

2054 And have you not also had continually thrust upon the Government selected lines as being the most profitable commercial lines, instead of the Government having had forced upon it by its political and military officers, lines which would have been less profitable, on the ground that they would have been political lines?—I hardly think so; I think that the Government have always been influenced by commercial as well as political considerations in their decisions upon the lines undertaken by the companies.

2055. Is not the line called the Port Canning Line one of the worst lines that have been made in India, and one which was brought forward by the Governor General in the way of a commercial undertaking?—Yes.

2056. Mr. *Crawford*] Would you consider the extension of the present system advisable?—I should say not, beyond the present engagements of the different companies.

2057. But with respect to the establishment of branches in immediate connection with the main line?—Quite so.

2058. I believe that no extensions at the present time are in contemplation?—I believe that the Baroda and Central India Company are in hopes of extending their system.

2059. Do you remember what Lord Dalhousie's opinion was with regard to the system of guarantees?—His opinion was very strong in favour of employing companies under the guarantee system.

2060. Have you his own words?—In his Minute, which is dated the 20th of April 1853, he uses this language: "The agency by which the several lines should be constructed, is now to be considered. I have bestowed upon this portion of the subject my best and closest attention, and have given to it most earnest and anxious thought, for it is a question of the very deepest importance to the Honourable (East India) Company, and one upon which different views are entertained by many whose knowledge and judgment are entitled to great respect. It is contended by some that railways in India should be constructed on behalf of the Government by its own officers, who, it is alleged, would execute the works with greater economy, efficiency, and speed, than can be done by the agents of a railway company formed in and directed from England. Others argue that the plan which has already been adopted of entrusting the execution of railways to incorporated bodies under the control of the Court and of the local governments, should be adhered to in future railway undertakings. With deference to those from whose views I dissent, I have to express a decided opinion that the construction of the works by a railway company, under the supervision and control of the Government, is the best system which is open for the adoption of the Honourable Court." Then he goes on: "I hold that the creation of great public works which, although they serve important purposes of State, are mainly intended to be used in those multifarious operations which the enterprise, the trade, and the interests of the community for ever keep in motion, is no part of the proper business of a Government. * * * The conduct of an enterprise which is undertaken mainly for commercial purposes, and which private parties are willing to engage for, does not fall within the proper functions of any Government. Least of all, should it be taken as any part of the business of the Government of India. One of the greatest drawbacks to the advance of this country in material prosperity, has been the total dependence upon the Government in which the community has placed itself, and its apparent utter helplessness to do anything for itself."

2061. Those are the recorded opinions of Lord Dalhousie?—They are.

2062. In what form are they recorded?—They are taken from a Minute which he wrote in the year 1853, and which has been presented to Parliament.

2063. Has the late Lord Mayo expressed any opinion upon that point?—The late Lord Mayo was very much in favour of employing direct Government agency for future lines.

2064. But he never expressed any opinion directly in the same form as Lord Dalhousie did as to the advantage of constructing railways through private agency?—In the course of his Despatch upon the subject he alludes to the agency which had been employed, and he used this expression: "The conclusion opposed to direct Government action in such matters which has been most commonly adopted till the last few years was doubtless justified by the circumstances of the time in which it was formed, and we are very far from questioning the great value of the work actually performed by the companies in the prosecution of railways in a period of undoubted difficulty." This was a tribute to the value of the work which the system had been the means of carrying out.

2065. Then Lord Mayo does not seem to have concurred in the opinion which has been expressed in this room, that mismanagement and extravagance have characterised the operations of the railways in India?—No, he does not; but he certainly alludes to the great cost of existing lines as a reason for altering the system.

2066. Upon the question of the cost, was there not an estimate made after the Mutiny of the effect produced upon the whole cost of the construction of the East Indian line by the Mutiny?—Yes, some calculations were made, and I think it was estimated that something between two millions and three millions of money had been lost in consequence of the Mutiny.

2067. Is it not the fact that the company has lost

lost a large quantity of materials in the shape of rails which are probably now at the bottom of the Ganges?—Yes.

2068. Have you any notion of the value of those materials?—The value, I think, was something like 500,000 *l.* or 600,000 *l.*

2069. Was there not a deficiency on the stock taking afterwards of something like 15,000 tons of rails?—I think there was.

2070. And there was evidence of the actual circumstances under which some of those rails had been lost, the boats being abandoned by the people in charge of them, and the material never heard of afterwards?—Yes.

2071. Is it not the fact also, that immediately after the mutiny the Government appropriated to themselves the whole of the carrying powers upon the River Ganges?—I recollect its being done at one time.

2072. Did not the railway company experience such difficulty in arranging for the transport of their materials from Calcutta up the country that they were compelled to enter upon the construction in this country, under the advice and with the sanction of the Secretary of State, of a large steam flotilla?—Yes.

2073. And did not that flotilla cost a great deal of money?—It cost a large sum, I think 600,000 *l.* or 700,000 *l.*

2074. And was not the presence of that flotilla afterwards found very instrumental in facilitating the completion of the works within a shorter time than otherwise would have been possible?—Certainly.

2075. It was a necessary expense in point of fact?—It was under the circumstances.

2076. And the cost of that flotilla has gone, to some extent, into the capital which constitutes the outlay upon the railway?—Yes.

2077. Did not the prices of material and of labour, and of everything else that enters into the construction of large public works increase very much after the Mutiny?—They increased very much, and even before the Mutiny the price of labour had increased very much.

2078. In point of fact the introduction of railways into India had an immediate effect in raising the wages of labour?—It appeared to be so.

2079. To an extent, perhaps, that was not within the contemplation of Lord Dalhousie, or anyone else, when the original estimates were entered into?—That is my impression.

2080. You see in the various circumstances which I have referred to several causes which have contributed largely to make the cost of the East India Railway much larger than it would have been but for the Mutiny?—Yes.

2081. Some of the works are in a very difficult country, are they not?—Yes.

2082. There is one large tract that lies between Luckserai and Patna, which, during the rainy season, is for miles and miles almost continually under water?—Yes.

2083. And the railway had to be constructed there on embankment and bridges at vast expense?—Yes.

2084. Do you think that those embankments and bridges could have been constructed cheaper if they had been undertaken by the Government?—No.

2085. Then the company has had to construct three bridges of immense magnitude, one over the Soane and over the Jumna, at Allahabad, and again at Delhi?—Yes.

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2086. Do you recollect the length of the bridge over the Soane; about 4,800 feet, is it not, that is to say, nearly a mile?—Yes.

2087. That is over a river which rises, in the rainy season, upwards of 50 feet?—Yes.

2088. It is a double bridge?—Yes.

2089. That has been constructed several years, and has not shown, I believe, up to the present time, the slightest effect of any kind whatever?—I believe not.

2090. The same sort of bridge, though not on so large a scale, exists at Allahabad, and again at Delhi?—Yes.

2091. In a railway of ordinary length it is not often that you meet with three such enormous structures as those, every part of the material of which is constructed in this country and sent out to India?—No; I should think there are few lines in the world on which such stupendous works occur.

2092. Do you think it is possible that the Government could have constructed those bridges on cheaper terms than the company here, or that they could have got across the rivers in any cheaper way?—I do not think so with works of a permanent character.

2093. With regard to the Chord line, you stated one of the reasonings for entering on the construction of that line was for getting access to the large coal deposits discovered in a district, of which the principal town is Kariballee?—Yes.

2094. The effect of that has been very much to cheapen the cost of the supply of coals to the railway itself with regard to the fuel that it uses in the upper part of its line?—Yes.

2095. And also to open that district to the free use of the Oude and Rohilcund Railway, and it has even enabled the company to take coal up to Delhi for the use of the Punjab Railway?—It has.

2096. I think there is another reason, is there not, namely, that the construction of the Chord line, which shortens the distance between the North Western Provinces and Calcutta by 63 miles, was a substitute for the doubling of the main line from Burdwan to Lukeserai?—It certainly had the effect of preventing the necessity for doubling that portion of the main line.

2097. I believe the length of doubling that was saved by the construction of the Chord line was about 190 miles?—Very likely.

2098. And you stated just now that it cost between 2,000 *l.* and 3,000 *l.* a mile to double the line?—Yes.

2099. Therefore there must be against the absolute cost of the Chord line a large set-off to the extent of the sum that it would have been necessary to spend in doubling the loop line?—Yes, that is a very fair way of putting it.

2100. And those three arguments that I have stated were made use of in the correspondence that passed between the railway company and the Secretary of State here, at that time Sir Charles Wood, at the time when the conception of that line was originally entertained?—Yes, they were.

2101. Has it not been a consequence since the line was opened, that the working of the traffic on the main line has been very much cheapened?—Yes.

2102. Is it not the fact that the traffic of the East Indian Railway Company is carried at a cost not exceeding 40 per cent. of the gross receipts?—That has been the case.

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2103. More than once?—I was not aware that it had been so low as that more than once, but the tendency has been to reduce the working expenses very much.

2104. Is it not the fact that the average cost taken from the tables prepared by the Board of Trade in this country, show that the cost of working lines in this country is very nearly 50 per cent?—Yes

2105. And is it not the fact that in making up the accounts of the East India and other railway companies, the Government officer has to certify to the fact that works are maintained in perfect order, and that the stock of carriages and locomotives is also maintained up to the standard?—Yes, that is the effect of the required certificate.

2106. Therefore it cannot be said that the economy with which this line has been worked is the consequence in any degree of the money not having been spent in maintaining its efficiency?—No.

2107. I think the Government officer invariably appends to the examined and agreed accounts upon which any dividend in respect of extra profit has been made, his certificate that the works have been maintained in perfect order, and that the stock also has been maintained up to the standard?—Yes.

2108. During your long experience have you found that, as a rule, difficulties have ever occurred in the railway companies obtaining funds as they were wanted for the execution of these public works?—No, not as a rule.

2109. Have you ever found the contrary in a case where Government has wanted money for the execution of public works?—Well, I believe that anybody acquainted with public works in India will tell you that one of the great drawbacks and difficulties has been the supply of funds at the proper time.

2110. What I mean is this: that whilst the railway companies have been able to pursue the even tenor of their way for the last 20 odd years, and have seldom failed in obtaining money in this country for the prosecution of their works under the guarantee; there have been times when the Government has not been able to continue its large public works in India for the want of the necessary means?—Yes. A signal example might be mentioned at the time of the Mutiny; I believe almost all the public works under Government were suspended on that occasion, whereas the railways went on as usual in those parts of the country which were not actually and positively interrupted by the incursions of the mutineers.

2111. That suggests to me the question whether in your opinion the Government, if they had been charged with the construction of these railways, would have been able to continue them immediately after the Mutiny, with the same vigour which the railway companies showed; the Government having, of course, other weighty considerations of a political nature bearing upon them?—I think experience shows that they would not; but there is no reason why they should not have done so.

2112. Is it not the fact that in the year 1858 or 1859, at a time when the East India Company had great difficulty in raising money in this country for the service of India, the East Indian Railway Company raised and paid in one amount to the Secretary of State the sum of 1,000,000 *l.* sterling?—Yes, the East Indian Railway Company did that, the money having been raised upon the guarantee of the Secretary of State.

2113. Can you assign any reason why the East Indian Railway Company should have had that facility in raising a million of money here at once, when the Government were unable to get money on as good terms?—I forget exactly how the million was made up, but if any portion of it was money obtained through calls that would give a company an advantageous position which the Government could not command; that is one of the advantages to which I have referred as attaching to the system.

2114. It shows one of the advantages of working under a company, that shareholders come under obligations to find money at stated times, or when the exigencies of the line may require, although the value of the money may actually be higher in the market?—Yes.

2115. *Chairman* (to Mr. *Thornton*).] You have heard the answers given in reply to the honourable Member; do you concur generally in that evidence?—To very many of the questions I should have given different answers.

Mr. Lionel Ashburner, c.s.i., called in; and Examined.

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2116. *Chairman.*] How long have you been employed in the Civil Service in India?—24 years.

2117. What have been your occupations in the Civil Service?—I served in the Revenue and Magisterial Department about 11 years in Guzerat; after that I was for a short time in the South Concan, also in the Revenue and Magisterial Department; I was then transferred to Khandeish.

2118. Did you, while in Khandeish, take any part in experimental agriculture to ascertain the productive character of the soil in India?—Yes, I had something to do with establishing a model farm in Khandeish, in which those subjects have been investigated.

2119. What particular purposes was the model farm used for?—To acclimatise foreign produce, and to introduce superior modes of agriculture, and culture generally; also to improve cotton, and silk, and other foreign produce; also the improvement of the breeds of cattle, horses, and stock generally.

2120. Was the farm carried on on such a scale as to make it a working experiment?—Yes.

2121. And was it carried on on self-sustaining principles?—Unfortunately it has not been self-sustaining; it has cost between 30,000 and 40,000 rupees up to the present time, and has not as yet paid.

2122. How long has it been in operation?—About three years.

2123. Was, for instance, the land revenue charged against it?—Yes, of course everything has been charged; it has been a very practical experiment, and no doubt eventually it will pay, but at present it has not paid.

2124. How was the capital found?—Government provided the capital.

2125. In addition to the working capital, then there has been an actual loss on the experiment?—20,000 or 30,000 rupees.

2126. How

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2126. How many acres does it extend over?—About 500 acres.

2127. Have any of the experiments been successful in improving substantially any branch of agriculture?—No doubt improvements have been made in cotton. New produce has been introduced; Carolina rice has been tried, preparations for the culture of silk have been made by the plantation of mulberry, but the actual experiment has been made at Dobia.

2128. Has any of the improved agriculture extended itself beyond the limits of the farm?—That remains to be proved; it has hardly had sufficient time to make itself felt through the country; but no doubt the people round seeing what has been done will adopt whatever is good in our practice.

2129. Have the people adopted anything that they have found profitable in your practice?—I cannot say that as yet.

2130. Have you made any efforts to introduce machinery on the farm?—Yes; thrashing machines and ploughs have been introduced, but the fact is that the machines and ploughs made use of in this country are not suited to the Indian grains, and the ploughs are also unsuited to the soil.

2131. Have you been able, by the ventilation of these questions, to induce the people to take any kind of machinery?—They have to a limited extent made use of the water lifting machinery which was first introduced at the farm, but with that exception, I do not think that anything has been effected.

2132. You mean that they are beginning to use that on their own account, and at their own cost?—Yes; water lifts and such machinery.

2133. Can you state generally whether the productive power of the districts in which you have been, has been increased, either by the improvements introduced by the natives themselves or by improvements otherwise introduced?—No doubt is has. Cotton only a few years ago was probably producing not more than 40 or 50 pounds to the acre, and now by the careful selection of superior seed and other improvements, probably the average has been raised to 70 or 80 pounds.

2134. Mr. *Hermon.*] Do you mean Egyptian seed?—Egyptian seed and all sorts of seeds have been tried all over India; but I alluded particularly to the indigenous seed.

2135. *Chairman.*] Have you directed your attention to the comparatively small amount of produce obtained from the land in India?—Yes, it is one of the objects of the farm to test and experimentalise on that subject.

2136. Have you arrived yourself at any conclusion as to the low standard of agricultural produce derived from the soil?—Everybody is aware of the fact, but the causes are somewhat obscure.

2137. Have you directed your attention to the causes?—Yes, I have. One of the chief causes is that the greater portion of the manure of the country is consumed as fuel; the cattle are turned out, and the manure instead of being preserved and returned to the soil is burnt as fuel, owing first to the absence of wood fuel; jungles, until the last few years, have not been preserved, and cow dung is, in fact, the fuel of the country.

4138. By your reference to jungles you mean that the wood for fuel has not been preserved and cultivated?—Yes. Of late years, greater attention has been paid to the preservation of fuel.

2139. How many years' growth must it have before it can be cut down for consumption?—In some districts you can get it in 10 or 15 years; 13 years has been fixed as the period within which you can produce fuel in the Concan; but above the Ghâts, where the rain-fall is less, no doubt a longer period would be necessary.

2140. In your view, the root of the whole defect is the want of proper manure for the soil?—Yes, that is one thing, and ignorance of the proper methods of cultivation is another.

2141. Have you been able to form any opinion of what the productive power of the soil might be raised to, supposing the land to be manured as it would be in this country and cultivated in a more intelligent way?—I believe that it could be raised to that of Europe or America.

2142. Can you state generally what per-centage that would be over its present production?—I have no doubt that the present production does not amount to a fourth of what the land ought to produce.

2143. In many districts they simply go on cultivating the land until they are obliged to let it lie fallow?—Yes.

2144. Do you think that the present rate of the land revenue has any effect in deterring the natives from a more active cultivation?—No, the rate is extremely low compared with the produce that they extract from the soil even under their rude system.

2145. You do not think that it in any way tends to prevent them from cultivating the soil better?—No; the best proof that that is not the case is the fact of the large extent of cultivation. The area of land brought under cultivation is extending enormously every year.

2146. The effect of improved cultivation will be to lighten the incidence of the land revenue?—Considerably.

2147. I think you have been speaking of the Concan and Kandeish?—Yes: but I have served throughout almost the whole of Western India.

2148. Were your observations in detail over the whole of the Bombay Presidency?—As far as my experience goes, over the whole of Western India.

2149. Have any efforts been made to utilise the cow manure in the small towns of India in connection with the introduction of municipal government?—Yes; measures have been carried out to utilise it to a certain extent in Ahmedabad, for instance, and in Kandeish; in the towns there it is sold; the sweepings of the town are sold, not probably the house manure, but the town sweepings; very little has been done to utilise the night soil.

2150. Is there a great prejudice against the use of it?—I do not think that any prejudice exists against its use; the filth from the gaols, for instance, is taken outside the towns and buried, and after remaining for a year is used by the natives without the least objection.

2151. It is made into a compost for manure?—Yes; I do not think that there is any objection to it.

2152. But the ordinary sweepings of the towns are utilised for manure?—Yes; it is a source of municipal revenue.

2153. Mr. *Beach.*] The ploughing, I suppose, in India is very defective; they scratch the top of the ground rather than plough deep?—I do not agree with that theory; I have seen the native plough turn up a furrow of seven or nine inches; I do not call that scratching; it is a very

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efficient plough, and I think it is very much abused. I have tried the European ploughs, the best ploughs made by the best machine makers in England, and they cannot compete in any way with the native plough.

2154. Have you tried the iron plough?—Yes; almost every kind of plough that has been made in this country, and there is no plough that I have seen made by Ransome, Sims, or Howard, or any of the makers here, that will touch for a moment the black soil of India, when it is baked as hard as a brick in the hot weather.

2155. Do they plough with two horses?—With two bullocks, often two pairs of bullocks.

2156. What is the amount of capital that has been applied to the farm?—Roughly speaking, about 40,000 rupees; 4,000 *l.* or 5,000 *l.*

2157. What is the amount of labour employed?—I dare say the average muster would be 30 or 40 hands; and there are 30 or 40 pairs of bullocks employed.

2158. That would be about double the amount of horses that a man would employ in England upon a farm of the same size?—Perhaps so; I am not informed upon that subject.

2159. Is that a larger amount of labour than is generally employed on the native farms?—No doubt it is.

2160. Has that application of labour had a good effect upon the improvement of the farm, or at least is it tending to have that effect?—No doubt.

2161. And you have every reason to believe that after a few years, when the improved cultivation has had time to act, there will be a considerable improvement?—There will be a considerable improvement, and I believe that the farm will pay its expenses.

2162. Has there been anything yet tried with cotton and silk which will have a good effect?—With agricultural produce generally; native grain. We have introduced rice from South Carolina, and tobacco from Persia, and from America, and from Havannah, and, in fact, from half-a-dozen places, and with some success; but the difficulty has been in finding persons skilled in the art of curing tobacco; we produce it perfectly, but hitherto, from want of capital, we have been unable to secure a person who can cure it properly.

2163. The climate appears to suit it?—Perfectly.

2164. Mr. *Birley.*] Is there any district in India which has come under your observation which can be cited now as being a model district for cultivation, either from the superior habits of the agricultural population, or from any advantages that they have in regard to irrigation?—No, I cannot mention any that you can quote as a model district. There are large tracts in India where the whole country is under cultivation; but there is no doubt that they extract from the soil a very small portion of what might be extracted from it under a proper system of agriculture.

2165. I am asking whether there is no exceptional district which, from the peculiarity of the cultivation or from natural advantages, may be even now cited as a standard?—I cannot say that there is any; but I believe that we have to deal with an agricultural population, and an agricultural country which offers an immense field for improvement.

2166. In the system of crops?—They have their own system of rotation of crops, and a very perfect one it is, and we have a great deal to learn from them, I believe, in that respect; but their difficulty is in their poverty; their want of capital, rather.

2167. Do you believe, then, that if capital were applied more freely to the land, that would remedy practically the difficulties that exist?—I have no doubt of it; it is so here and in every part of the world that I have heard of or seen, and it would be there, no doubt.

2168. It is not a natural defect of the soil?—No, the soil is extremely fertile; it only wants proper culture to be extremely productive.

2169. To the extent of three or four times its present produce?—I think so.

2170. Mr. *Hermon.*] There is no such thing as rotation of crops in the cotton districts, I suppose?—Yes, there is; cotton could not be produced for three years if the rotation system was not adhered to; in fact, the rotation of crops is the only manuring that the soil gets in many cases.

2171. They are in the same difficulty about manure for those cotton districts as they are in the other districts?—Yes, there is an immense use of manure in those districts, but it is insufficient, owing to the fact that a very large portion of the manure of the country is used as fuel or is wasted.

2172. Is the growth of cotton still on the increase in India?—It fluctuates, I think, a great deal with the markets and the price, but I have no doubt that the present high prices have stimulated it very largely over the last 10 or 12 years.

2173. Is the bulk of the cotton ginned on the estate?—No, some of it is ginned in the villages round about; but now the use of steam gins is becoming very general, and it is sent to the central depôt, where it is ginned by steam.

2174. And it is packed there, I suppose?—It is half pressed in the country, and then again re-pressed in Bombay.

2175. You are aware that in transit cotton has been very much deteriorated by the adulteration with the sand of the district through which it passes?—Yes; that brings one to the question of the legislation required to put a stop to its adulteration; the Bombay merchants have opposed any legislation in the matter, and they prevented the passing of a Bill which was introduced by the present Governor of Bombay to correct that evil.

2176. How did he propose to correct it?—To make it penal to adulterate, to false pack, or to do anything that would deteriorate the staple generally.

2177. *Chairman.*] Did not the Bill go further, and provide machinery to detect it?—Yes, there was a machinery provided in the Bill to work it.

2178. Was not the objection one to the machinery, and not the mere penalty for fraud?—I am not aware that that was the case; they objected to it as inquisitorial, as interfering with their affairs; they said cotton is cotton whether it contains 40 per cent. or 5 per cent. of dirt.

2179. Was not the objection first to the machinery of the Government agency interfering with trade?—No, I do not think that. The machinery already exists, and is in actual operation.

2180. Mr. *Hermon.*] What system is adopted at the ports of embarkation or shipping to discover these frauds?—There is a Cotton Frauds Department;

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Department; but owing to the imperfect nature of the present Act it is unworkable, and it was to remedy that defect that Sir Seymour Fitzgerald introduced a new Bill. The present Act is in force, but is found to be unworkable.

2181. You are aware that it is not an uncommon thing to find 20 per cent. of sand in cotton?—Yes. I have seen an iron railway chair turned out of a cotton bag; it weighed 80 lbs. about.

2182. And large pieces of rock also?—Yes.

2183. Sir *T. Bazley.*] You say that the defect of the Indian agriculture arises chiefly from lack of manure?—Yes.

2184. Are you aware that guano has been introduced into India?—Yes, experimentally.

2185. But not applied by the natives?—No; it has been applied chiefly on model farms, and experimental pieces of cultivation, by Government agents and officers.

2186. And has the produce been very much increased by its application?—No doubt; but it is a question whether the produce will pay for such expensive manure. We have imported guano and other fertilisers, which have been forwarded to us from Manchester by your Cotton Supply Association, and it was tried; but we found that for a small experiment like that, we could procure manure equally efficacious on the spot, at one-fiftieth part of the cost.

2187. Has the cultivation of sugar been much increased?—I cannot say that it has been much increased; there is a very large production of sugar in certain districts, Kandeish, for instance.

2188. And it is chiefly consumed on the spot?—Yes; or in adjoining districts.

2189. Has the cultivation of sugar been carried out in larger quantities than it formerly was?—I do not think that there has been any great improvement in the cultivation of sugar; it is an extremely profitable crop, and is cultivated with a great deal of judgment, so far as the means of the natives admit.

2190. Have you ample means of irrigation?—Not ample means; irrigation does exist to a certain extent, but no doubt it is the great want of the country to extend it; it is the great object to which we must look for improvement of the country.

2191. Then manure and irrigation, you think, would be the two great means of improving agriculture?—I think so; they would enable the country to pay a very much greater land revenue, the profits from irrigated cultivation, as compared with dry-crop cultivation, that is to say, land cultivated by the monsoon fall of rain, are very much greater.

2192. Mr. *Fawcett.*] Do you mean profits or returns?—Both.

2193. *Chairman.*] The net profit of course would depend upon the relation to the land of the water from which you irrigated, whether it was natural irrigation, or obtained from more or less depth?—Yes.

2194. Mr. *Eastwick.*] With regard to the manure, the cow-dung, which would be the principal manure, is used very much in the houses, is it not, as fuel?—Yes.

2195. Might not a very advantageous method of getting manure be introduced from Persia. In Persia the manure consists of pigeon-dung; they have immense dovecotes, and immense quantities of pigeon-dung are collected; do not you think that that might be advantageously introduced into India?—I am afraid that the pigeons would consume too much grain.

2196. Are you aware that that is not so in Persia?—I know it is an extremely stimulating manure; are the pigeons fed by hand, or do they find their food?

2197. They find their own?—That alters the case; but I doubt if it could be supplied in large enough quantities.

2198. With regard to the fuel, you mentioned that it would take 13 or 14 years to produce new fuel by the growth of wood, did you not?—Yes.

2199. Is there not some kind of tree which they are planting, which can be cut down in seven years?—I believe Cassuarina is a more rapidly growing tree; but the fact is, that we know very little about true cultivation in India, and we are only just now learning our lesson.

2200. You said that you did not know any kind of plough that would touch the black soil when it was baked into a hard substance?—Yes; I have tried every kind of plough made by Howard, and Ransome, and Sims, and it will not touch the soil.

2201. Have you found that in Guzerat too?—Yes, in the black soil of Guzerat.

2202. There is an account published of this model farm, I suppose?—Yes; an official account.

2203. Is that a lengthy thing, or could we have a compendious statement of it?—It is not a very lengthy document; there is an annual report published, which could be had, no doubt, at the India House.

2204. Sir *T. Bazley.*] Are you aware that guano is the dung of birds, much the same as has been suggested by the honourable Member who has referred to pigeon-dung in Persia?—Yes.

2205. But can the pigeon-dung from Persia be had at a lower price than guano?—I cannot say; there is no doubt that guano can be obtained from the Curia Mooria Islands at a much less cost than it can be imported from England. I think it costs about 30 or 40 rupees a ton in Bombay, and to that has to be added the cost up country, so that we could not use that manure up in Kandeish under 50 rupees a ton.

2206. Has the improvement in the agriculture improved the condition of the people;—I cannot say that there has been any great improvement as yet.

2207. Have you had any increase in land revenue in consequence?—The quantity of land under cultivation has extended, but the system has not yet been improved. I should say that merely the area under cultivation has been very largely extended, but I cannot say that I am aware of any general improvement in cultivation.

2208. You said, did you not, that the produce of cotton had increased?—Yes; but that was owing not so much to improvement in cultivation as to the improved selected seed introduced.

2209. Does that land, yielding a larger quantity of produce, pay a larger revenue?—No; there has been no increase of assessment in consequence of the improvements that have taken place in that respect.

2210. Sir *D. Wedderburn.*] Are there not districts in Guzerat where, as regards irrigation and manuring, the cultivation is very superior to the usual cultivation in India?—I am not aware of any such districts. I think that the cultivation is about identical. Perhaps one might mention

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Neriad as an exception; tobacco is very largely cultivated there.

2211. Is it not the case that in the neighbourhood of Ahmedabad irrigation from wells is very largely and successfully carried on?—Not near Ahmedabad; you perhaps allude to Neriad, which is some 30 or 40 miles from Ahmedabad; irrigation is carried on to a limited extent there, but it is very inferior. What we want is a general system of irrigation, which we have never yet been able to get.

2212. You know the county round Ahmedabad?—Yes; I was there for many years.

2213. There are a great many wells there?—A great many, comparatively, but they each irrigate a very small portion of land; perhaps from five to seven acres is about the average, and many of them are out of use. It is found that a man can make more when cotton is at the present price by cultivating cotton, a dry crop, than he can when he has to lift the water from a well 30 feet; lifting is a very expensive process, and irrigation from wells can never be of much importance to India; it must be done by natural flow.

2214. But it is the fact that the water-wheels are going night and day, and that they do work very hard?—Yes, no doubt; but the extent under irrigation is extremely limited compared with the total area. We must look to irrigation as a means of preventing these horrible famines that devastate the country every 30 or 40 years. When the water has to be lifted from a well, and 10 acres is irrigated, it is a mere drop in the ocean compared with what we want; which is, that each village should have its little tank, and irrigate sufficient to feed, at any rate, that village in periods of scarcity.

2215. *Chairman.*] You mean by natural flow of water as compared with lifting the water?—Yes.

2216. Sir *D. Wedderburn.*] But in a flat country, like that district which I was speaking of, would that be possible?—Many schemes have been introduced by the Irrigation Department to irrigate from the rivers.

2217. *Chairman.*] You would have reservoirs in the hills above the level of the plain which was below?—Not necessarily in the hills. The natural flow of the rivers we could raise to a certain level by a dam across the bed. Of course storage lakes are invaluable when the supply in the rivers fail.

2218. You mean the rivers in the upper levels?—Yes; but this is independent of the question of storage lakes on rivers, that is a much more difficult question; I am speaking now of merely raising the natural supply of any river by a dam thrown across its bed.

2219. The river would then be dammed up above the level of its lower plain?—Yes.

2220. Using the river bed as a reservoir?—Yes.

2221. Mr. *Lyttelton.*] When you spoke of land producing four times as much as it does at present, were you speaking of India generally, or of Western India?—I confined my remarks to the portion of the country with which I am familiar; I have no doubt that it is general throughout India.

2222. Is there any balance sheet published of this model farm?—Yes, a report is made almost every year.

2223. Is that balance sheet appended to the report?—Yes; everything is very carefully estimated, and a balance sheet prepared; you can see to a rupee what the expenditure has been, and what the returns have been. The returns have been unfortunately very small, and I am sorry to say that it has been proposed to abandon the farm in consequence of the loss that has accrued on it.

2224. It was hoped that the farm would pay its way at all events?—Yes; give it time and I believe it will pay; but if we are impatient and demand returns immediately, I am afraid that we shall be disappointed.

2225. Mr. *B. Denison.*] When you suggested just now that what was wanted was a tank in every village, what sort of tank did you mean, an ordinary tank dug in the earth or a masonry tank?—Either one or the other. In Mysore, where I have travelled, almost every village has this tank, and in Northern Guzerat the same.

2226. Those tanks to which you allude are rather for the inhabitants and for cattle, not for irrigation, are they?—Many are for irrigation, in Guzerat especially; in Mysore they are partly for irrigation and partly to supply the cattle.

2227. Do you contemplate that these tanks should be merely *filled* from the surface water of each particular neighbourhood, or that they should be connected with a large system of canals?—Both ways. There are places where a canal through a district might be so constructed as to turn a supply into these small tanks; that has been designed in many places. In Kandeish for instance, there is a plan proposed to fill a particular tank from a large irrigation scheme.

2228. Does not your experience teach you that these tanks are most liable to fail just at the very times and seasons in which you would have to depend on them most?—True; but our only dependence is on these; if we have not got those we have nothing to fall back upon.

2229. You are also aware that the digging of a tank, and especially furnishing it with masonry walls, is a very expensive matter?—No doubt; but it is not beyond the means of many of the villages. It is done at probably about half of what it costs when undertaken by the Public Works Department, because each labourer assists.

2230. Supposing that in a particular part of the country there was a regular tank system, such as you contemplate, would these tanks be left to the management of the inhabitants of each village, or would they be under Government officers?—Under Government officers; in every village there is a certain Government authority that will prevent any abuse or waste of the water. It would require very little superintendence; the interest of the people would protect it from any abuse.

2231. Do not you think that if this system of tank irrigation on an extended scale had been possible, it would have been carried out in large parts of India long before this?—I have no reason to think so. I see that Government are making great efforts now to extend irrigation, but their schemes are all of such a gigantic character that, practically, very little progress is made. I think that if the local officers were allowed to expend with more latitude their local funds, more might be done.

2232. How do you account for so many thousands of tanks, all over India, being abandoned?—Simply because accidents have occurred to these tanks, and there is no machinery, and there

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re no funds available to restore them; but therever the tanks have been restored they are sed. Look at Mysore, almost every village has s tanks; under General Cubbon's superintendnce, he took care to provide for their construcon and repair.

2233. You are not prepared, I presume, to eneralise from Mysore to the whole of India, ecause the different conditions of the soil, and o on, would have to be taken into consideration? -I argue that what has been done in Mysore an be done in Guzerat. What Cubbon did for Iysore, and French and Keating for Nimar, can e done elsewhere.

2234. Sir *C. Wingfield.*] In Mysore, General ubbon had the disposal of the whole surplus evenue, had he not?—Yes, and I want that the overnors of Bombay shall have, if not the disosal of the whole surplus revenue, at least a ery large sum placed at their disposal.

2235. Mr. *Fawcett.*] Your idea then is to arry out public works more through local gency than as an Imperial system?—Yes, peaking generally, that is the result.

2236. I suppose that you attribute great imortance to this difference between the two ystems; that, for instance, if a great loss is ncurred upon one particular railway or one paricular work, and that is looked upon as an Imerial charge, the loss falls upon the whole people f India?—Yes.

2237. Although they may never have seen the ailway, yet they have to contribute practically o the loss involved?—Yes.

2238. Whereas if public works improvements, or instance irrigation and things like that, were arried out more by local agency, then if they id not happen to succeed, the locality alone vould suffer?—Yes.

2239. And I suppose on financial grounds you hink that that would be very much more desirable han the system that now prevails; that it would e much more just?—It is more just, no doubt, ut there are great works that can only be arried out by Imperial funds.

2240. But wherever that can be avoided, you hink that if it is a local improvement it ought, s far as possible, to be carried out by local unds?—Just so; we have had local funds in he Bombay Presidency, introduced by Sir Bartle rere, and I want that system extended.

2241. And you think, taking the works of irriation, that if more was left to local agency, and here were less centralisation, a very much reater portion of the country would be irriated?—I think so.

2242. Sir *C. Wingfield.*] Suppose that the colector of the district, in whose hands the local unds are, has no taste for or knowledge or cquaintance with irrigating works or engineerng works?—He has his local funds, and he may mploy his local fund engineer, as is already done n many districts in the Bombay Presidency.

2243. And he being a person of no position or nportance, would be left to spend the money as e likes?—Not so; he is held under very great ontrol by the Revenue Commissioner of his disrict, and in all large works he has to submit his lan to the approval of the Engineer Department n Bombay.

2244. Then the schemes would go up to the Engineer Department in Bombay. If they are to e referred to the Government, what is gained y having a local man?—The local people have more interest in forcing on these works, which are more useful for local purposes. When everything is centralised in Poonah and Bombay, they are inclined to design very gigantic schemes, which are no doubt of great importance when they are carried out, but comparatively of less importance than the smaller works which would be carried out by local agency.

2245. *Chairman.*] They seem to be so important that they are never begun?—Just so. The enormous cost of these works deters anybody from undertaking them; they have to refer for sanction to the Government of India, and sanction is practically very seldom given to these enormous works.

2246. Sir *C. Wingfield.*] But if the funds are left in the hands of a local officer, is there not danger of their being frittered away in the hobbies of the particular collector of the day?—That is a certain danger, but it is a question which is most objectionable, the hobbies of head quarters, or the hobbies of the local people.

2247. At all events the Government proceed more on a system; the system of the Government is more complete and continuous than that of varying district officers?—It is so to a certain extent; but members of Government vary like the local officers.

2248. Have you not seen instances of follies committed by local officers?—Yes, certainly I have; follies of all kinds.

2249. I mean the indulgence of particular fancies and hobbies in the way of an improvement?—It is so. You cannot have it all your own way; you must put up with these fancies. I think that it is an advantage to the country that these men should have an innings occasionally. They take a certain pride in the prosperity and improvement of their district, and I think that that is sufficient protection against any great abuses under certain control.

2250. Sometimes one man goes entirely in the teeth of the views of his predecessor, and also his views are entirely opposed to the views of the man in the neighbouring district?—Yes, I have seen that.

2251. One will carry a road to the borders of the neighbouring district, and the other will not carry it on?—I have seen that also.

2252. Whereas the Government of the Presidency regards the wants of its Provinces as a whole, and takes a broader view?—Yes, that is very true; but I complain that there is a want of progress; that progress is so slow under that centralisation system. There is no doubt that works are carried out, and important works, occasionally; but I prefer that greater latitude should be given to the local officer.

2253. *Chairman.*] You think that the time is all lost in the search for an excellence which cannot be attained?—Yes, I think so.

2254. Sir *D. Wedderburn.*] With regard to those numerous tanks in the neighbourhood of Ahmedabad, which are in ruins, is there not some prospect of local enterprise being able to repair those with local funds?—No doubt; and a great deal is being done in the way you have mentioned in that particular district by local enterprise, I mean expenditure of local funds.

2255. There is a great deal of local wealth?—Yes, I believe the local funds of Ahmedabad, amount to between two and three lacs a year.

2256. Mr. *Fawcett.*] You think, summing-up your evidence, that under centralisation the needed

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needed improvements are not often attained, and therefore progress is extremely slow; whereas carrying out improvements through local agency would be very much more economical, and much more generally adopted?—No doubt; we can do so much by getting the assistance of the villagers, for instance, in a local work, though it is quite beyond the reach of a large imperial work.

2257. Sir *C. Wingfield.*] But do not you think that you are then more dependent upon the individual character of the district officer?—Just so. I should take care that a bad district officer should not continue in his district.

2258. The Government cannot turn out a man because he fails in that respect, can they?—They can turn out a slow or idle man, and they do so.

2259. *Chairman.*] What do they do with him; where do they turn him into: did you ever hear of a man being turned out of the Civil Service of India for inefficiency without any moral delinquency?—Yes; a case occurred last year in which a gentleman was turned out for inefficiency.

2260. One of the competitive men?—No, one of the old Haileybury men.

2261. Sir *C. Wingfield.*] A man may be totally devoid of taste for public works, and yet may possess some qualities valuable for the public service?—Yes, no doubt, and then he is transferred to some department for which he is well suited.

2262. *Chairman.*] Have you had much experience in the collection of the income tax in India?—Yes; I have worked a district ever since the income tax has been introduced,

2263. Have you seen its operation with reference to the payers of the tax?—Yes.

2264. And the assessment of the tax?—Yes, I have assessed it myself in many cases, and paid particular attention to that.

2265. Is there any difficulty experienced in it?—No doubt there is a difficulty, but I believe it is one which can be overcome with a little trouble; in fact, the income tax has been looked upon as a temporary measure; the tendency of the officers, I believe, has been to look on it rather as a bore, only a matter for one year, and then they will have done with it, therefore they have not taken the pains that they might have taken.

2266. Have they been obliged to employ native agency very frequently?—Yes, in making the assessments.

2267. And have you found that the native agents have been the subject of much complaint, or have they been satisfactory?—I think that they have done their duties tolerably fairly, on the whole. There has been no great complaints about the income tax. Nobody likes being assessed to income tax, or any other tax for that matter, and there is complaint; but I think that the complaint is chiefly from the European portion of the tax-payers.

2268. With regard to the natives, has there been much difficulty in finding out the persons liable to the tax?—Yes; no doubt there is great difficulty. If I were consulted I should make it a property tax; it is much more easy to estimate a man's property than his annual profits.

2269. Is there great disparity between the profits that many people make in India and their mode of living, so that their mode of living is no indication of their wealth?—Just so; no doubt the tax is enormously evaded, as it is in this country.

2270. In these cases do you take the statement of the income from the native himself, or do you surcharge him, and leave him to show what his income is?—That is the custom of the law, you surcharge him and leave the onus upon him; and no doubt it is a very oppressive system; but as long as the income tax remains that difficulty will remain.

2271. And he is compelled to produce all his accounts?—He is not compelled; if he chooses to produce them he may.

2272. You would not accept his appeal unless he did?—No; unless I had some other means of judging of the correctness of his statement.

2273. Is there much difficulty in drawing the line with reference to persons occupying land or deriving an income from land?—There is no difficulty about that; the quantity that every man holds is recorded in the village books, and it can be estimated with the most perfect nicety.

2274. But is there a difficulty with regard to the Europeans?—I am not aware of any difficulty; there is a stronger objection on their part, and they have the power of making themselves heard more than the natives, and I believe that is the origin of the outcry against the income tax; I believe that if could have been thrown on the people of India we should have heard nothing about it, but it would have been considered as an excellent mode of taxation.

2275. Sir *C. Wingfield*] You do not think that the natives would have liked it better, do you?—I do not think that the natives would have liked it better, but we should have heard less about it.

2276. *Chairman.*] Because the Europeans have to pay the tax, they complain loudly, you mean?—They work the press, and complain loudly, and make themselves heard; but I do not think that there is any greater objection to the income tax than to any other source of taxation on the part of the natives.

2277. Do the Europeans pay any taxes which do not fall on the natives?—They do not pay any special taxes; they are treated exactly on an equality with natives.

2278. What is the specific ground on which the Europeans complain generally against the income tax?—I cannot say what the specific objection is; they object to any taxation. The income of a European can be tested almost perfectly, and they pay to the uttermost farthing. That is, I believe, the real grievance, that they have to pay exactly and correctly, whereas the natives evade it to a certain extent.

2279. Then they thought that they relatively paid more than the natives paid in the way of income tax?—No doubt they do. The European population is chiefly an official population, and their salaries can be estimated with perfect accuracy.

2280. With regard to the trading part of the European population, do they complain of the tax?—They complain that they are very much over-assessed.

2281. Do you know whether there is any peculiar objection on their part to show their books?—No doubt all merchants object to show their books, and very naturally.

2282. Are they surcharged like the natives?—Exactly in the same way.

2283. Do not you in the first instance take their statements; or do you fix the amount without consulting them?—There were few Europeans liable

liable to taxation in my district; but wherever they have been assessed there has been no difference between the assessment of a native and that of a European.

2284. Supposing that the Europeans did not pay the income tax, what do you suppose would be the rate of taxation that they would have to pay, bearing peculiarly on their mode of living, as compared with the natives?—They pay on all articles of luxury which are imported; they pay in the customs, and consuming, as they do, larger quantities of such articles than natives, they pay more in proportion.

2285. There is no other mode of taxation which reaches Europeans more especially than natives, excepting these particular articles?—No, none at all.

2286. Is the rate of duty on those articles higher than on others?—I am not well informed about the rate of duty on the customs, I have no doubt that it is very high.

2287. Do you see any convenient substitute for the income tax, supposing it to be abolished?—I should make the income tax a property tax; and I would tax articles such as tobacco and sugar, which are very largely consumed by the better classes in India; tobacco indeed is consumed by the very poorest almost; hardly any of them do not smoke a certain amount.

2288. Do you mean that you would levy an excise upon the commodity itself, in addition to the tax?—There is no tax on tobacco, except the customs on import; but the tobacco of the country is chiefly grown in the country, and there is no tax upon that.

2289. Would you put an excise upon that?—I have not thought out the question thoroughly, as to how I should assess that tax; it would vary no doubt in certain districts; in some districts it might be put on the crop; in others, probably a license to sell the tobacco might be issued, as the sale of spirits is licensed.

2290. Is the tobacco grown in small irrigated patches?—Yes; sometimes irrigated, and sometimes unirrigated.

2291. It is grown generally in small properties?—There are some districts in which tobacco is largely cultivated, but there are small patches here and there, which in the aggregate amount to a great deal.

2292. Where it is more generally grown in the district, is it grown in a greater breadth of cultivation, or by different tenants in small garden patches?—In Neriad it is grown in large extents of cultivation, in other places every man would have a small patch for his home consumption, and perhaps he would sell what it produces more to the village trader.

2293. Is the plant cured on an extensive scale in any of the districts for exportation?—It is exported to the Persian Gulf, I think; but I do not think that any finds its way to Europe.

2294. Would there not be considerable difficulty in an excise on any commodity that goes from hand to mouth in that way?—In those patches it might I think be put on the crop; that is why I said I should vary the mode of collection according to circumstances, but it is a subject which I have not thought out thoroughly, and I am not prepared to give any very decided opinion on the matter.

2295. Is sugar also cultivated very much as an irrigated crop in small patches?—Yes; it is cultivated by rotation. There is a certain system of rotation of which sugar forms one of the crops, and no doubt generally it is in little patches; but the area under sugar cultivation is very large. The fact is, it is an expensive crop to cultivate, it requires a good deal of capital.

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2296. It takes a year to grow on the average, does it not?—Yes.

2297. Therefore it is very easy to mark the growing crop on the land?—Yes.

2298. But would it not be very difficult to arrive at the quantity of sugar produced?—No; a very fair estimate might be made of the amount of sugar produced per acre, and an average of sugar might be taken without difficulty.

2299. Do you think that it would be easy to levy an excise all over the country upon sugar made from the growing crop, except you estimated it from the growing crop itself?—I do not think that there would be any great difficulty; and I think that I could work it in my own district.

2300. Mr. *Crawford*.] With regard to the income tax, what part of the country was your experience obtained in?—I have assessed the income tax in the large city of Ahmedabad for one year, and after that in Kandeish.

2301. In what town in Kandeish?—The whole district or province of Kandeish.

2302. Do I rightly understand you to say that the discontent which we have heard exists in various parts of India was not very strongly shown in the district which you were connected with among the lower orders?—No, not at all; in fact though I increased the assessment enormously it was paid without the least compulsion.

2303. Do I rightly understand you also, that you had no method in the villages of getting at the income of the principal men other than by trusting to your own idea of what it might be?—That was so to a great extent. You had his books if you chose, but the books were generally cooked and falsified, and you could not derive much from them.

2304. Is it your opinion then that there are other methods of getting at the very lowest class of the population, such as you have indicated by means of taxes on tobacco and sugar, means not used now?—Yes, I think so. For instance, licenses might be issued for the sale of tobacco, and I believe that they would be extremely profitable.

2305. Would there not be great risk of that exciting discontent in the native mind?—I should not think so; a man may pay as much or as little towards the tax as he pleases; it is true it is an article of luxury to which he attaches great importance.

2306. We hear, in this country, of the great discontent which has been excited through some parts of India by the imposition of the income tax, and it surprises me to hear you say that it is not felt in the population which you are connected with?—No; the best proof of it is that the people pay their income tax without the necessity of any mode of compulsion; they pay it up to the day without a murmur, grumbling, there may be, as there is with every tax.

2307. What is the lowest sum that you go down to?—About 50 rupees a month, viz. 700 rupees per annum.

2308. Sir *C. Wingfield*.] Do you think that the circumstance that the income tax is paid up punctually is any proof that it is not unpopular?—I do not mean to say that the income tax is

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popular. I say that there is no such general unpopularity about it as would induce me to abolish the tax.

2309. But the mere circumstance that it is paid punctually is no evidence to that effect, is it?—I think it is. If you over-assess the land assessment of a district you cannot collect it.

2310. In that case there is absolute inability to pay it, but in the case of the income tax there is not such absolute inability, is there?—It may take a larger proportion of a man's profits than he is able to pay; but you find that out at once; anybody who had experience of the revenue system, when the land assessment was much higher than at present, would know that the people resist an over-assessment immediately. It is not that they cannot pay, but they wont pay.

2311. But the cause of the unpopularity of the income tax is not so much the amount, but the nature of the impost, is it not?—I do not agree that it is the nature of the impost. The natives object to pay at all; everybody objects to be taxed; but I do not think that they object more to the income tax than to any other tax.

2312. Then do you think that they do not object more to the income tax than to the tax on judicial stamps?—That is a question of degree; I have no doubt that stamps are a better source of revenue.

2313. Perhaps what you mean is that they would object to any other direct tax as much as to the income tax?—Perhaps so.

2314. You are aware that very strong representations were made last year in the Council of the Governor General by the representatives of the North Western Provinces, and Bengal and Madras, of the extreme discontent to which the tax had given rise, and also of the extreme oppression with which it was levied?—I was aware that such statements were made in the Council, but not that they were substantiated.

2315. Are you not aware that the Government of India sent extracts from those statements to the Government of the North West Provinces, and called upon that Government to inquire and report whether the allegations of great oppression were well founded, and that the Government of the North West Provinces having made investigation and learnt the opinions of all the leading officers, reported that the statements were substantially correct?—I am not aware of that fact; I take it on your authority, but that is nothing against the tax; abuses may exist in the assessment of the tax, and no doubt do exist; it is a very difficult tax to assess and great abuses no doubt exist, but I say there are abuses in almost every system; I would reform the administration of the tax rather than abolish it.

2316. Are you not aware that it has been found to be the great difficulty, how to levy an income tax at all without oppression?—I am aware that it is a difficulty, but I do not think it is insuperable. I think if you make it a property tax you have then something tangible, and not very much liable to fluctuation, which you can assess with tolerable accuracy. The profits, I admit, are very difficult to tax with accuracy.

2317. You stated that if it had not been for the Europeans being taxed, no discontent would have been expressed by the natives. That seems to me at variance with the strong opinion expressed in the Council of the Viceroy, by these gentlemen whom I have referred to, of the great discontent existing among the natives?—It is so, certainly; but I stand by my own experience of its working, and I speak of that only.

2318. Do you think that if a larger agency, a specially paid agency, were employed, there would be less oppression in the collection of the tax?—No doubt special agency would assess with greater correctness and with fewer abuses, but we must depend in great measure upon the local people, Mamledars, for information; they are the only persons who can form any estimate. The collector can know nothing about the resources of any particular Bunya.

2319. I suppose you are aware that the project of an excise or duty on tobacco, which you recommend, has been distinctly taken into consideration and discussed, particularly after the Mutiny, and that a great many papers have been written on the subject; but it has been always rejected, on account of the apprehensions that it would lead to a dangerous amount of discontent?—I am aware that that is the case, but I do not anticipate any danger. I think that there is more discontent produced, for instance, by the machinery of our law courts. I think that that is the most dangerous source of discontent in the country. I believe that the discontent produced by an excise on tobacco would be very small in comparison.

2320. But more people would be affected by an excise on tobacco, than by the cost of the law courts?—I do not allude merely to the cost of the law courts, but to the abuses connected with them.

2321. Whereas a man might not have to go to a law court at all for many years, he is consuming tobacco every day?—That is perfectly true.

2322. Mr. *Fawcett.*] I understand you that you would like to see the income tax converted into a property tax?—Yes.

2323. Then if that was the case all incomes derived from trade, and all incomes derived from official salaries, would be exempted from such a tax, would they not?—I think that if a man holds an important office, and derives a salary from it, that is property.

2324. The word "property" is not usually so defined is it?—No; but I would not exempt a salary on that account.

2325. What am I to understand you to mean; you say that you would simply make it a property tax, that you would include all official salaries and all incomes derived from property, but that you would not levy it on profits derived from trade or business?—No, I would not; except that the capital which a man employs in his trade is as much an article of property as funded property.

2326. *Chairman.*] You would then draw a distinction between the capital a man employed in trade and the profits it produced?—I should say, here is a trader who is making use of three lacs of capital in his business; I would tax that three lacs. You can calculate almost accurately the money that he is employing in his trade; what is the results of his trade may be depends a good deal on all sorts of considerations, and I would not go into those. It is a rougher mode of getting at a man's profits.

2327. If he made no profits for the year, you would tax him precisely the same as if he made great profits?—True; that is the difficulty of course, but it is a choice of difficulties that you have to make.

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2328. Mr. *Fawcett.*] Then what you say is, that you would convert it into a property tax, and that means that the change you wish to introduce is to estimate the profit of trade, not by annual income, but simply by the capital invested?—Yes.

2329. You say that now the tax is enormously evaded?—Yes.

2330. Is not that one of the most serious objections that can be brought against the tax?—It is so, but it would be less easy to evade it when it was upon capital than when it was upon fluctuating profits.

2331. But is there not another cause of objection with reference to the income tax in India, which may be considered as almost peculiar to the country, namely, the prevalence of the joint family system?—That is a difficulty, to a certain extent.

2332. Did you very often, for instance, assess an income as being liable to the income tax, when, if you could have ascertained the number of people who were dependent on that income, it would have represented for each individual far too small an income to be assessed?—Yes, and that is considered, no doubt, in making the assessment; it is not very difficult to allow for the number of persons.

2333. Often it is difficult, is it not?—It is, to a certain extent, no doubt; but I have not found the difficulty insuperable.

2334. You admit that you are subject for the increases of assessment, to a great extent, to native agency?—Yes.

2335. Is there not a peculiar prejudice existing among the natives to state what their income is, almost a religious horror; they look upon it as inquisitorial?—I have never seen that.

2336. Do they not rather submit to be greatly over-charged in preference to undergoing the inquiry?—That is so with Europeans, I am told; I do not think it is more so with natives than with Europeans.

2337. You are aware that a different opinion has been expressed on that point?—I am aware of that.

2338. The tax yields a very small amount now, does it not?—I am not well up in statistics, but it is about a million, I believe.

2339. Then, considering the comparatively small amount which it yields, is not that a very strong proof to your mind that to a great extent it must be evaded?—Yes, but I should make it much more productive; for instance, I increased the income tax of Kandeish from something under a lac (80,000 rupees) to upwards of two lacs, and it was paid without a murmur; and I have no doubt that the same measures in other districts would have the same result.

2340. Did you do that by taxing trade profits upon an estimate of the capital embarked in the business?—That, no doubt, had a certain influence on my assessments. I arrived at the profits in the best way I could; there is something tangible in capital.

2341. When you say that the tax has excited very little discontent, or no more than any other tax amongst the native population, has not the tax been very much complained of in the native papers?—It has; and they complain of almost everything you do; the most beneficent acts of Government are complained of.

2342. But has not the income tax been specially singled out?—I am not aware that it has. Every measure of Government is criticised in the most virulent manner in the native press.

2343. As every tax produces a great amount of discontent, of course, in consequence of the feeling that has been aroused, it is of great importance to increase the strength of our position, if it is possible to do so, without this tax?—Of course, all taxation is bad; if we could do without taxation it would be a very great gain.

2344. Mr. *Beach.*] Has it not been suggested that it would be better to assess a district, and leave that district to determine how the particular amount should be paid?—That has been suggested, no doubt, but there are difficulties in carrying it out. If you put power into the hands of a native jury, they immediately throw the burden of the taxation upon the lower classes, and exempt all their friends.

2345. Then you think that that could not be carried out so equitably as the present mode?—I do not think it could; I should make Government fix the amount that each district should pay towards the income tax, by a consideration of its resources generally. I should say, Here is a district of so many thousand acres, so many acres under cotton, so many acres under sugar, so many acres under tobacco; that shows a certain amount of trade and profit, and this district should, therefore, pay so-and-so.

2346. How would you leave it to be determined?—I should leave it to the collector to assess up to that amount generally, in the rough.

2347. Mr. *Birley.*] Have there not been very loud complaints from the Bombay Association against this tax?—I believe all the associations have complained against the tax.

2348. But I think that the Bombay Association is an exclusively native one?—I believe it is.

2349. They have been, at any rate, quite as loud as the Europeans against the tax?—But they are chiefly composed of wealthy men who suffer by the tax.

2350. But you gave us to understand that if it had not been for European complaints the tax would not have been objected to by the natives?—I perhaps did not make myself understood; I meant the Europeans and the wealthy natives lumped together.

2351. Then you are of opinion that there are no serious cases of oppression among the poorer classes?—I cannot say that.

2352. No such serious oppression as to render the tax objectionable?—No, I do not think a sufficiently strong case has been made out against the principle of the tax.

2353. Do you not think that an increase of the assessed taxes might answer the purpose more fully?—They are for municipal purposes; they do not go to the Imperial funds.

2354. Do not you think that the system of assessed taxes might be applied to India for Imperial purposes?—What assessed tax do you allude to?

2355. You might put them on horses and carriages, and houses?—They are taxed for municipal purposes, and I do not think that that source could be very largely increased; the municipal assessment could be increased, but that sort of petty taxation is very hateful to a native; he hates all those little things being inquired into; he would sooner pay in a lump sum once for all than have his bullocks counted, and so on.

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2356. I thought payment in a lump sum was the very thing to which they object?—The income tax is assessed in one sum, but paid in instalments.

2357. Sir *T. Bazley.*] Is the tax on salt borne cheerfully, or is it a heavier one than you think is necessary?—No doubt it is a very important source of revenue, and I think it is paid without difficulty, or any large amount of discontent.

2358. It is chiefly paid by the masses of the people of India?—No doubt, but it is extremely light per head; I have not calculated the amount, but it is very small per head.

2359. As a balance against a tax levied upon the great masses of the people, is it not desirable that something like a property tax should exist for the richer classes of the community?—Just so.

2360. Mr. *B. Denison.*] You have told the Committee that, in your opinion, a tobacco license or duty would be a very profitable tax?—Yes.

2361. Are you aware that in 1861, the financial minister, Mr. Laing, proposed a license duty varying from 100 rupees down to two rupees, according to the trade?—I am not aware of the details.

2362. You are not aware that the result of the inquiries made at that time was so discouraging as to induce him to abandon the attempt?—I believe he did abandon it; but we are apt too much to generalise; I am speaking of my own districts, and those of which I have had experience. I cannot say what may be the case on the other side of India, and I limit my observations to the country I have described, Guzerat and Kandeish.

2363. But even in the populous or wealthy districts, the persons trading in tobacco are numerically few, and can be counted with absolute certainty?—Yes.

2364. Therefore, when you have once got this number, you can take the proposed duty and calculate the whole up and get the money result?—Yes.

2365. The total anticipated income was found to be so inconsiderable when the duty was proposed in 1861, that the idea was abandoned?—I believe so.

2366. You have also suggested that it might be desirable to convert the present income tax into a property tax; have you any reason for believing that you could ascertain with any greater certainty the capital of the trading classes of India, than you can their income?—Yes, I think so; you have something tangible in the property; whereas in profits, it may fluctuate with every turn of the market; a man may be assessed to a certain amount this month, and the next month a fall may take place in the price of cotton or the markets generally, and he may be a beggar.

2367. Take any large trading town known to you in the west of India, what means would you have of getting at the actual wealth of a man?—I may say, What means have we at present of getting at his profits? We have, at any rate, a greater facility of getting at property than we have at profits. I do not say that you can do it with extreme ease; but what I say is, that it would be easier to arrive at some calculation of the amount of property than at a calculation of the fluctuating profits. I do not say that it is easy, but I say that one is more easy than the other.

2368. Then another point, as to the suggested property tax: how would you deal with landed property, with people who are already paying land revenue?—I should exempt them to a certain extent, as they are exempted at present. The amount up to which the cultivator pays varies in each district by order of Government, and no person having a smaller holding than a certain amount of acreage is assessed to income tax.

2369. But, supposing that your idea were attempted to be carried out, do not you imagine that this tax being levied as a property tax, and not as an income tax, would raise very general and wide-spread discontent as being a second land tax?—I do not think so; certainly the discontent would be less than at present; it would merely facilitate the labours of the assessing officer; he is now called upon to make a calculation of profits which is practically very difficult, and it would be less difficult, I say, to calculate a man's property; that is to say, the capital he employs or the land he holds, than it is to estimate his yearly profits which fluctuate. It is a question of degrees of difficulty.

Friday, 22nd *March* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Lyttelton.
Sir Stafford Northcote.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. WILLIAM THOMAS THORNTON, recalled; and further Examined.

Lieutenant Colonel GEORGE CHESNEY, R.E., called in; and Examined.

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2370. *Chairman* (to Colonel *Chesney*).] What is your office?—President of the Indian Civil Engineering College at Cooper's Hill.

2371. Do you superintend the administration of all the affairs of the college?—I do.

2372. There is an item in the expenditure of the Home Accounts for the "Purchase of college buildings, and alterations and additions thereto, 58,390 *l.*;" and another item of "Salary of president, wages of bailiff and servants, and contingent expenses, 1,406 *l.*"; can you state when the establishment of this college was commenced?—The purchase of the buildings and estate was made in January 1871. The additions were made to fit the building for the purposes of a college between January and August, and the college was opened in August last.

2373. Can you state the nature of the buildings and the situation?—The estate consists of about 120 acres of ground on the banks of the Thames, near Egham. The buildings consist of a large mansion, which has been converted with very little change into suitable lecture-rooms, a lecture theatre, laboratory, workshop, and other requirements for scientific teaching; and a dining-hall, and a sufficient number of additional rooms for the students have been added.

2374. Can you state how much has been spent on the original purchase, and how much additional has been spent since?—The purchase of the estate cost 55,000 *l.*; the additional outlay for buildings, including residences for five professors on the estate, but not in the main building, has been about 28,000 *l.*

2375. Then this account only includes the expenditure in the first year?—Yes.

2376. And the rest of the expenditure has occurred in the present year?—Yes; there also will have been expended, when the arrangements are completed, about 10,000 *l.* for furniture, fittings, scientific apparatus, workshops, and other appurtenances of the kind.

2377. Will that make the whole college then complete, and fit for the occupation of the students?—That makes the college complete for the occupation of 100 students.

2378. When did the college begin to receive the students?—The first batch of 50 students were admitted by open competition at an examination held last July. A similar examination has been announced for next July, also for 50 students.

2379. At present you have these 50 students in residence, as I understand?—Yes.

2380. But the expenditure that you have mentioned is for 100 students?—Yes; and it is contemplated to add additional accommodation for 50 students during a part of the year. I should explain that the full number of students to be accommodated is 150, who will go through a course of three years' study, the first two years being spent entirely in the college, and the greater part of the third year being passed as pupils to a mechanical or civil engineer. At the conclusion of their practical course the students will return to the college to complete their final examination, which is to be conducted by examiners appointed independently of the college authorities. Then, on being pronounced qualified for the public service, they will be sent out to India.

2381. Will the additional students you speak of come during the absence of the other students, or will it be necessary to provide accommodation for 150?—The examination, which will occupy at least three months, will be carried on while the other students are present.

2382. So that you will have to raise the accommodation to the full number?—We shall have to raise the accommodation to the full number, as far as regards sleeping accommodation.

2383. Is there other accommodation for them; a dining-hall, and so forth?—Yes, there is a dining-hall; and the accommodation of the staff of professors is complete for the whole 150.

2384. I see that the charge for the establishment, in the accounts before us is very small; what is the explanation of that?—That was because the establishment had not been appointed during the financial year to which those accounts relate.

2385. Can you state what is the establishment that has been settled upon for the college?—The

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regular establishment of the college, when it shall be in full working, is estimated to cost, in round numbers, 19,000 *l.* per annum.

2386. Are the salaries for the professors included in that?—That includes salaries of the president and professors, 6,481 *l.*; additional sum for special lecturers, not connected with the college staff, in geology, architecture, and so forth, and for examiners to conduct the public examination at the end, 500 *l.*; laboratory, model room, and workshop, and artificers employed thereon, 700 *l.*; library, 100 *l.*; clerk, 200 *l.*; steward, servants, &c., 1,357 *l.*; rates, taxes, fuel, and light, 900 *l.*; services of clergyman and sittings in church, 150 *l.*; contingencies, 500 *l.*; travelling expenses for students visiting works, 400 *l.*; provisions, 4,000 *l.*; fees and lodging money for students during their practical course, 3,700 *l.* Under the rules of the college, students, while absent as pupils to engineers, pay their fees to the college and receive back 5 *s.* a day for maintenance, and the fee to the engineer is paid by the Government. That item, as I have said, is 3,700 *l.*; the total is 18,988 *l.*

2387. Does the sum you have put down for maintenance include the whole of the cost of maintaining all the students?—It includes the whole of the cost, not including the interest on the capital laid out.

2388. Is that the establishment fixed as the maximum for the working of the whole college, 150 pupils?—Yes.

2389. As I understand you, it is intended to pay the students who go to be articled in the third year?—Yes, at the rate of 5 *s.* a day while absent.

2390. And to pay their travelling expenses also?—That 400 *l.* represents the travelling expenses of the students of the first and second year, on their making expeditions to visit any works of interest in the neighbourhood.

2391. And, on the other hand, what are expected to be the receipts in respect of the college?—The annual charge is 150 *l.*, which, from 150 students, will give an income of 22,500 *l.*

2392. Then you will take this sum in gross, and you will undertake for that, besides having them at the college, to provide them with all the means of instruction during the third year, when they go to the factories?—Yes.

2393. What arrangement will be made for obtaining instruction for them in these factories; will the fee for instruction be paid by the Government?—Yes, that is included. The Government undertakes to place each student with either a civil or a mechanical engineer for eight months.

2394. How much do you allow for the fees for that?—No negotiation has yet been made with any engineers, but it is assumed that we shall find engineers ready to take small parties of four or five students at a time for about 40 *l.* per student.

2395. Do you expect that engineers of the first class will take them for that?—The ordinary fee paid now, I think, to an engineer is about from 250 *l.* to 300 *l.* for three years; but I anticipate that if a permanent connection of this kind were established with a good mechanical or civil engineer, he would be prepared to take a number of students for a very moderate sum. The connection will be a profitable one, no doubt, to the engineer.

2396. Then, according to the estimate which you have made, it will not ultimately cost the Government anything when the college is in working order?—Assuming that we have 150 students in residence; but I should explain that, under the terms of the rules of the college, it is open to any student to obtain his education where he likes, provided he succeeds in passsing this final examination at the end of the third year; so that if the students who obtain places in the competition prefer to go elsewhere, and the number in residence falls below 150, to that extent there will be a loss.

2397. Do we rightly understand you, that all persons indiscriminately, with proper testimonials, are allowed to compete at the entrance examination, and that those who are successful in that competition are allowed to pursue their studies as they like, and go up to the final examination without going into the college at all?—That is so.

2398. Has any careful estimate been made of the annual supply necessary of engineers to be sent to India?—The Government of India estimated that to keep their establishment of engineers full, about 40 men per annum should be sent out; but I believe the Secretary of State in Council considered that, with reference to the large demand for engineers for new works, it would not be sufficient to keep the establishment merely full, but that an augmentation of the work for engineers was unquestionably going on, and therefore a larger supply would be necessary. The number therefore was fixed at 50 instead of 40 per annum. (Mr. *Thornton.*) I think, so far as my memory goes, it was the Government of India who, in reply to the Secretary of State, said that 50 was the number that ought to be provided; that the Secretary of State asked the Government of India what number they thought they would require, and they said 50. I never heard till this moment that the Government of India thought that 40 would suffice. (Colonel *Chesney.*) I am speaking merely from memory. I thought that the number suggested by the Government of India was 40.

2399. Mr. *Fawcett.*] Considering the amount of capital that has been spent, even assuming that the college is always quite full, it represents a certain loss to the revenues of India, does it not?—If the college were quite full, and you estimated the value of the 90,000 *l.* sunk in the college at 4 per cent., there would be an annual deficit of 88 *l.* But the charge on the revenues of India has been already incurred, when the public works establishments in India were organised. Those establishments cost over a million sterling a year, compared with which any charge for the College forms an almost infinitesimal per-centage, which would be repaid over and over again if the efficiency of the department is increased by improving the preliminary education of the members of it. If, for example, by this improvement, 898 engineers could be made to do the work of 900, the net charge of the college is at once covered directly, to say nothing of the indirect saving if you improve the character of the agency which supervises the great expenditure that is taking place year after year.

2400. But more has been spent than 90,000 *l.*, according to the figures that you have given; without reckoning the additional money which was spent to provide for the extra numbers of students

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students, the capital will be over 100,000 *l.*, will it not?—The capital will be 93,000 *l.* I was incorrect in saying 90,000 *l.*

2401. That does not include, does it, the amount that you will have to spend for additional accommodation?—It does not; because it has not been settled whether the 50 men who will remain in residence for only one term of the year, that term being the summer term, should not be provided with some comparatively cheaper accommodation while they are present for the purpose of attending the examination.

2402. But I understood you, did I not, that the final examination would extend over three months?—The whole term would extend over three months.

2403. And it was promised in Parliament that it should be conducted by persons independent of the college, was it not?—That is so.

2404. Then do you not think that you have much under-estimated the expense, when you suppose that competent examiners and additional lecturers, the additional lecturers to reside throughout the year, and the examiners for three months, could be obtained for 500 *l.*?—I should explain, that though the examination is to last over three months, that is only a part of the examination; the theoretical part will occupy not longer than an examination of the same sort would occupy at Cambridge or Oxford, that is, a few days. The long part of the examination consists, for the most part, of exercises in surveying and drawing, which are to be done under supervision; it is not at all necessary for the examiner to be present himself during the whole time, provided he has a proper guarantee that the work is done by the student himself.

2405. How many additional lecturers do you contemplate employing?—Every second year one in geology; every second year one in architecture; I am not aware that we shall require any other.

2406. Not one in surveying?—We have two permanent professors for surveying.

2407. What do you contemplate paying the examiners?—I believe that it is usual to pay the examiners in mathematics at Cambridge, 80 *l.*; and they conduct a very long examination in mathematics, lasting over eight days, to which I believe over 200 candidates come up; here we shall have 50 candidates undergoing a much shorter examination. Our course of mathematics being only one out of several subjects of study, the examination in it will not be so long as that of a Cambridge wrangler; probably 30 *l* would be sufficient for the examiner in mathematics in our case.

2408. There are four examiners at Cambridge, you will remember?—I think we should have two.

2409. And those gentlemen conduct the examination in their own homes at Cambridge, and they consider it an extremely high honour to get the post of examiner, although the work is most extraordinarily underpaid. Of course it would be a very long time before your examination got the same prestige; you would not get a competent examiner, would you, to come to Cooper's Hill and examine 50 men for 30 *l.*?—I will take another case. The Cambridge middle class examinations are a case in point; there I believe they have something like 2,000 candidates; it is true that the papers are very elementary, but I believe that the fee there given to the mathematical examiner is only 30 *l.*, and he has 2,000 papers to look over.

2410. But I think your calculation is based entirely on a misconception; the examiners there do the examination at their leisure moments, whenever they like; therefore, if you have made your calculation on such a basis as that, I think you will find it extremely erroneous?—I will take another case, that of the examiners for the Civil Service Commissioners. I think that the usual fee to a mathematical examiner for conducting one of their examinations is 30 *l.* I have seen some of the accounts, and I think that is the sum usually paid. I will take another case, where I was asked to become an examiner myself, namely, at the India Office, the examination lasting over six or seven days. I was informed that the fee would be five guineas for the examination, and that plenty of examiners would be forthcoming for that remuneration.

2411. What do you propose to pay these young men when they enter the service?—They will receive a salary commencing at the rate of exchange at 4,200 rupees a year, or say 420 *l.* a year.

2412. Before the college was established, what did you pay young men when they first entered the Engineering Service?—Before this college was established, they were brought in on what was called the grade of the third-class of assistant-engineers; whereas now they are to be brought in on the next higher grade, the salary of which is 60 *l.* a year higher, but there is this great difference; in the old times they passed by a single examination, which lasted a week, and were eligible for promotion immediately; and as a matter of fact, it was a very common thing for a young man, after arriving in India, to be promoted to that grade which our students will enter upon after spending only six or eight months in the country; consequently, the attractions held out in those days were, if anything, higher than now.

2413. I understand that the principle of the institution at Cooper's Hill is this, that no advantage or favour is to be shown to young men who are educated at this college; but if it succeeds, it will be only by its own intrinsic merits?—That is contemplated.

2414. Therefore its success can only be predicted; you cannot say whether it will be full?—It is impossible to say.

2415. If young men find that they can get as good an education anywhere else, there will be no inducement to them to go to Cooper's Hill?—That is so. there is no place at present, however, where the education which we offer can be found.

2416. Not, for instance, at Owens College, Manchester?—Most certainly not.

2417. In what respect can it not be found there?—I will take one thing to begin with; one of the most essential things for an engineer, especially going to India, is to learn surveying thoroughly; there is not an institution in England that professes or attempts to teach it thoroughly. The surveying taught by every engineering faculty in England, or Scotland, or Ireland is, in my opinion, a mere farce. We have one set of students from the Queen's University, Ireland; another from the Edinburgh University, and another from King's College; and they all admit that they came to us knowing nothing about surveying, having had only the

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most elementary training in it. Our surveying course will extend over two years, and we shall do our best to make it thorough. There is, indeed, one place in England where it is taught; that is, the Royal Engineer Establishment at Chatham, which has developed the best surveying school in the world; we hope to emulate it.

2418. The object you have in view in the establishment of this college is that the Government in future should carry out more public works in India by its direct agency?—I would not say that. They have already adopted the policy of carrying on public works by their own agency on a very large scale, and the difficulty arose of finding a competent staff to undertake them. Nothing could be more unsatisfactory than the mode in which that staff was being recruited. Only a very small fraction of the engineers in the Government service had entered the service by an open competition. The majority were picked up in India anyhow. The Government of India have on numerous occasions represented that the mode of supply was thoroughly inadequate and unsatisfactory, and called for some specific remedy.

2419 The college is to assist the policy which has been to a certain extent adopted, of carrying out public works by direct State agency?—Unquestionably. With regard to a great part of the works which the Indian Government has in hand, I should mention that many of these require even a larger staff when the works are completed than while they are in construction, in that respect differing from other public works. I refer to irrigation works and canals. The staff on the Ganges Canal at the present time is very much larger than it was when the canal was in course of construction. The management of the canal, and the distribution of the water, is much more laborious than the mere making of the canal was. Therefore there is no probability that these officers will be cast adrift eventually, as would be the case in making a railway.

2420. Then I may understand that you are in favour of continuing the same policy of carrying out works erected by Government agency, rather than by guaranteeing private companies?—Unquestionably.

2421. Can you speak from official experience on that point?—From the year 1864 to the year 1870, in addition to my duties as Accountant General to Government, I was Auditor of the Guaranteed Railway and Irrigation Accounts; I therefore had considerable opportunities of seeing the working of the guaranteed railway system.

2422. Sir *T. Bazley*.] If you send 50 students yearly to India, you will, in the course of 10 years, have 500 there?—That is so.

2423. What is the contemplated duration of each engineer's residence in India?—He would be eligible to remain there until he wanted to retire on a pension.

2424. And what time would that be?—He is not eligible for a pension, strictly speaking, under 30 years' service, unless his health has broken down.

2425. Then you will have a vast accumulation of professional skill in India in 10 years' time?—Hitherto the experience has been that we never can supply engineers fast enough for the wants of the service. Ten years ago there were 300 engineers in the service; a year ago there were 900; and there is every reason, I think, to suppose that 20 years hence, if we are still in possession of the country, there will be 2,000 engineers in Government employ.

2426. Have you any idea how many first class engineers we have in this country who have gone through the high scientific education which these students will go through?—I am quite unable to give any opinion on that point. I should observe that the number of casualties amongst engineers is very large The reports of the Government of India establishment show that so far their casualties have been as great as 7 per cent. per annum from one cause and another; so that for 900 officers you would at once have nearly 60 casualties a year.

2427. In your experience was it not possible to obtain competent engineers from the general schools of this country without the establishment of an educational institution for the purpose?—That is a very complicated question. I will venture to say this; in the first place, the great bulk of engineers in England do not come from the engineering colleges. The civil engineers in England appear to have looked upon the engineering colleges with great disfavour, and they have not encouraged them at all, and the means of employment for the different engineering colleges seems to be limited very much to the Indian service and Colonial service generally; they found very little employment with engineers at home, who almost always select their own pupils for their own works. Thus you had, all over England, a number of so-called engineering colleges very much in excess of the demand, and all of them, to my mind, giving a very imperfect and inadequate education. The question therefore was, whether you were to attempt to "level up" these different colleges, and obtain a supply from them by raising their standard, whether it was a practical scheme to do that, or whether you were to take measures for supplying the wants of the service on some independent plan.

2428. Is the ordinary English engineer acquainted with the principles of surveying?—I think that, in this country, the tendency is to divide engineering and surveying into two branches, and to make the surveying rather a subordinate branch of the profession.

2429. I think in surveying for the railways the engineers have generally fixed upon the line?—I should say that the senior engineers seldom take any active share in the work itself; it is generally left to subordinates.

2430. You think that great advantage will result from the establishment of the training colleges?—I have myself not the least doubt upon the subject.

2431. Sir *D. Wedderburn*.] Do you anticipate that the Indian civil engineering college may become a general place of education for engineers intending to practise in England?—I have not formed any decided opinion on that point, because I thought it would be sufficient for the present to do our best with our own men. If we converted it into a highly scientific and useful establishment, then no doubt the question would arise whether you could not extend the utility of this place to the world generally. Perhaps I may be allowed to make one remark on the question of the foundation of this college, which I think has an important bearing on the subject, and it is this: there are two ways in which, people said, it was possible to have obtained your staff in this country by competition. One was to have had a technical

competition

competition, continuing, in fact, the system that was in force up to last year, and selecting men, who had been trained under engineers, by means of an examination; that has been tried for 12 years, and proved the most complete failure. And the alternative, suggested to the Secretary of State, which he did not act upon, was to invite men to compete by a general competition, and then to allow them to carry on their studies wherever they pleased, and to come up for final examination at the end of a certain time. The objection, it appears to me, to either plan is this: that in the first case if you have a preliminary technical competition, which by the essence of the thing assumes that you will have a large number of failures, what is to become of the unfortunate men that do not pass? Already that is becoming a very serious evil with regard to the Indian Civil Service, you have 40 or 50 men chosen, and you have 200 or upwards thrown on the world, who have turned aside out of the ordinary walk of life, and are left stranded on the bank. The evil is very much greater in the case of engineers, because, supposing you have 50 appointments, and 250 competitors, here are 200 men who are far in excess of any professional demands that could arise, who have given up ordinary education for a highly special training, of no use to them in other pursuits, and who are too old to set to work in other professions; in fact, whose youth has been wasted, while the fact of having failed in the competition would be so much against them. Surely a result of this kind is not a thing to be encouraged. Then on the other hand, if you first of all choose your men without any specific test by general competition, and let them go and pursue their studies and get trained where they like, is it a reasonable plan to encourage the formation or maintenance of 9, or 10, or 12 small engineering schools merely to turn out 50 men a year? Is it not much better they should be all trained at one place? Our staff consists of 11 officers, and that is the smallest number that can suffice, dividing the subjects properly; and if there are several schools, the education given by them must, in the nature of the case, be inferior to that given at one large place. That, I think, was the foundation of the reason of the Secretary of State for establishing an engineering college; at the same time, in deference to the wish of Parliament, the men have been allowed the alternative not originally contemplated of carrying on their studies elsewhere.

2432. Would there be any obstacle thrown in the way of a young man, who wished to study civil engineering without any intention of going to India, studying in this college?—The present difficulty is, that we have no accommodation for such, and we should have to increase our staff to teach more men.

2433. Lord *E. Fitzmaurice.*] You do not, by this means, avoid the risk of a man having wasted a certain portion of his life. Take the case of a certain number of men, say 40, being wanted in India; you might have, I suppose, at your final examination 30 or 40 from the civil engineering college passing, and 10 outsiders; supposing you had 50 candidates, you still would have 10 men who had thrown their time away, because no candidate can come up any number of times, can he?—No.

2434. Still you avoid the difficulty as far as possible, by having an early examination instead of a late one?—The earlier you make it, and the less special, the less you throw men out who fail from other careers.

2435. With regard to what Mr. Fawcett was saying about the pay of the examiner, would not the fairest analogy to take be the pay of the examiners at the London University; is not that a similar case?—Yes; except that the number of candidates who come forward in that case is very much larger than here.

2436. But if an examiner of the London University gets paid for perhaps four examinations a year, and, with a very large number of candidates, 50 *l.*, a lower fee might be charged in your case. I believe I am right in stating that the fee paid to the examiner in French at the London University is 50 *l*, and to the examiner in German only 30 *l*. You have examiners, I suppose, in those languages?—These would be optional subjects, and the number examined in them would be small. We do not teach those subjects at the college, although students may claim to be examined in them.

2437. *Chairman.*] Your instruction is scientific?—Almost entirely so. We have one professor for instruction in engineering, and one for hydraulic engineering; two professors of mathematics, two professors of surveying, two of mechanical drawing, one of landscape or free-hand drawing, one of experimental science, and one of Hindustani.

2438. Lord *E. Fitzmaurice.*] Is there any examination in English literature at your college?—It is included in the entrance competitive examination.

2439. I have seen it stated that, with a view of avoiding the great evil of these days of cramming, there has been a great alteration in the subject-matter of the English literature examination at Cooper's Hill, the final examination being restricted to a particular period of history; is that correct?—Not at the final examination, but a change of that kind has been made as regards the entrance competitive examination. Last year the examination comprised that very extensive subject, English literature and history; and when a subject of that kind is fixed, it is quite impossible for a man to go deeply into any part of it, this year, therefore, the Civil Service Commissioners have prescribed only certain books to be read, and a certain period of history to be taken up, with the view of making the examination more precise and thorough.

2440. Mr. *Dalrymple.*] I suppose that you would base your calculation as to what an examiner would be content to receive, rather on the idea that it would be an honour to be connected with the institution than on any exact sum?—I think men like to be asked to undertake the office of examiner. I would mention, by the way, another case bearing on this point, the examination at the Staff College at Sandhurst. I believe the fee given to the examiner there is 20 *l.* for about 30 students.

2441. Is there any entrance examination at this college?—The admission is obtained wholly by open competition. Last year there were 220 candidates for 50 appointments.

2442. And what is the length of the course?—It extends over three years.

2443. Mr. *Lyttelton.*] What is the nature of the first examination, is it quite general, or in any sense special?—It is special in one sense only, that an elementary knowledge of mathematics is required, that is to say, a thousand marks

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marks are given for the lower branches of mathematics, and a candidate must get 250 marks out of that.

2444. Have you found hitherto that young men have come from crammers, or that they have come up straight from the public schools or the universities, to Cooper's Hill?—I think four-fifths of our men are from public schools, but most of them have been through a short intermediate course of cramming. Some, and very promising students, have come direct from public schools.

2445. Is there any limit of age?—Between 17 and 21 for admission.

2446. And of what age have they been hitherto?—I think this first year the majority were about 19 or 20 years of age. We have had some as young as 17, and one or two were just the age when they entered. I think myself that the age is fixed rather too high at present, especially as our examination comes after the Indian Civil Service examination, so that we get several men who fail in that coming to us as a last resource. Men who have spent the last three or four years failing in competitions do not make the best men for the college.

2447. I suppose one of the objects in making this examination so general at first is, that the men shall be in no sense committed to civil engineering if they fail?—Yes, and to get men from all parts of the country and from the universities and public schools direct.

2448. Mr. *Eastwick.*] Do you approve of that part of this scheme which permits students to come from any place and not live in the college?—I am afraid it will lead, if it is followed at all, to a very considerable amount of failure. I should observe that one part of our scheme is very hard work; we have seven hours of compulsory study every day, and a good deal of study which is called optional, but is practically obligatory; and we are very particular about the attendance of students at lectures, and look after them very closely, and do our best to keep up a high standard of industry and attainments. I do not think that is done at other colleges, and if it is not, I am certain that the men will fail at the end.

2449. What I meant, particularly, was that you would not have any means of judging of the general character of these gentlemen who come up from various places, perhaps bringing certificates (we all know what certificates are); generally speaking, you would not have any means of knowing what their moral and general character was?—No. I think that our college life will have a very wholesome effect upon them in after life, and that they will take a pride in the service, which they would not take otherwise, by association together. The other men would lose that advantage no doubt.

2450. I should like also to ask whether you do not think that the native intelligence being very great with regard to engineering, you might have carried the Roorkee College to a greater extent, and introduced a greater number of natives into the service?—I do not think it is generally known that at Roorkee the Government have offered very high attractions to the natives, which they have not at all responded to. I think eight scholarships, including free education, and a considerable stipend, are offered every year to induce natives of India to come forward, but they have not responded to anything like the same extent.

2451. They are intelligent enough to make good engineers, are they not?—They are quite intelligent enough, but they do not take kindly to the work of engineering at present.

2452. To what do you attribute that?—I think that the educated natives are not men whose physical habits adapt them for engineers. There is one native, Mr. Kunya Lál, who has made a very considerable mark, both as a practical engineer and as a man of scientific acquirements; but he is an exception which, so to speak, proves the rule. Most of the educated natives are Bengalees, and a Bengalee is not an active man physically.

2453. I should have thought that amongst the Mahrattas you might have found plenty of physique?—That is true; but unfortunately the Mahrattas have not the means of getting a high education to start with.

2454. *Chairman.*] Are there not institutions in Bombay at which they can have the most advanced education if they like?—I do not think that the Mahrattas go to them much. I am thinking of the Mahrattas of Central India; there is a great want at Nagpore, or there was when I was there, of the means of giving them a good preliminary education.

2455. Mr. *Eastwick.*] You do not think that it would have been possible to get a sufficient supply of engineers from the natives of India?—I think not; the Government has done all it can do, quite in advance of the feeling of the people.

2456. You said, I think, that the number would be 900 a-year?—No; what I said was that they are already 900 strong in the Public Works Department, and are likely to increase largely.

2457. And you would not consider that at all a great number, considering the enormous area of India, and the immense amount of public works which are existing, and which will be required?—I should imagine that 10 or 15 years hence the number will certainly be double, unless some great catastrophe happens to check progress.

2458. When a great work like a canal is made it takes more men to superintend it than it took to construct it, you say?—And that holds good to a considerable extent of railways; a very large staff is required for the management of the locomotive department, and the traffic generally; and if we follow the analogy of the railway companies, a very large part of that staff will be selected from the engineers, who make good traffic managers and general agents.

2459. Is it not the fact that in an engineer's work a man can go through more study than he can in any other profession, because he has so much open-air work?—As regards the students, unquestionably you can work them the harder, from the fact that a great deal of the work is work which is a relief and relaxation to a great extent. That has been kept in view in our scheme at Cooper's Hill. We have a large number of hours occupied in work every day, but a great variety of work.

2460. To what do you attribute these numerous casualties which you referred to as occurring amongst engineers in India?—Partly to the great exposure that they undergo, and the bad climate. For example, take the great Godavery works—the opening of the Godavery navigation—you may say that that is almost paved with engineers' bones. The same thing has happened in the East Indian Railway; the casualties were terrible

terrible in carrying out the line through the Rajmahal hills.

2461. Mr. *Grant Duff.*] Was there an attempt to establish an engineering institution at Poona?—There is an engineering college at Poona now, I think.

2462. How does that succeed?—I do not think that it has been well supported by the Government. I do not think that the Government of Bombay has shown the same desire to push the natives forward in the Public Works Department that the Government of India has done.

2463. Did any of the Mahrattas go there?—I am not able to say; but certainly those who qualify have not been employed in the same way there as at Roorkee. At Roorkee, any man who qualifies is sure of appointment. That has not been so either at Madras or Bombay.

2464. *Chairman.*] According to your knowledge at present, notwithstanding all the works that have been going on for railways, canals, and other engineering works, the natives have only produced one qualified engineer?—I would not say exactly that they have only produced one qualified engineer; they have only produced one man who has made a mark in India as a distinguished engineer.

2465. Only one person who has been trusted to perform the functions of superintending engineer? — There are a large number of native engineers in the Government service who have not yet risen above comparatively subordinate posts.

2466. They have not undertaken responsible work?—Not a large responsibility; some have reached the grade of executive engineers, but have not become superintending officers.

2467. Mr. *Fawcett.*] Under native rule, were not some of the greatest engineering works carried out by native ability?—I do not think that you can call any of the native engineering works works exhibiting great ability.

2468. Were not some of your irrigation works and some of the bridges at least equal to anything since built?—The engineering bridges of the old native dynasties are most feeble things as engineering works.

2469. But there are bridges at Mysore, and large tanks, are there not, which are native work?—They have constructed some very large tanks.

2470. Has it not happened that bridges have been constructed by English engineers, which have been again and again swept away by flood, whereas native work stood?—Native work has often stood, because it has driven the rivers away, that is to say, they made the piers and the abutments of such enormous thickness that there has been no room for the water to pass. I remember one case between Umballa and Loodiana on the old trunk road. There was a bridge that had existed some hundreds of years, but the river had entirely left it.

2471. But in some cases you have seen not only the most important tanks and irrigation works, but also very important bridges carried out by native engineers, have you not?—No, I have not seen any really large bridges erected by native dynasties; some large tanks I have seen.

2472. And irrigation works? — Only tanks. The one canal constructed under native rule, that called the Delhi Canal, was only a clumsy adaptation of an existing watercourse, and it has cost a very large sum to keep it in order ever since.

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2473. We are to understand you, that in at any rate two of the Presidencies of India, Bombay and Madras, the natives have been unfairly treated; because, if they have shown themselves qualified as engineers they have not had a fair chance of employment?—I am under the impression that in Madras and Bombay sufficient encouragement has not been given to the natives in regard to engineering.

2474. Therefore, so far as those two Presidencies have been concerned, we have not made as good an effort as we might have done to find out how much of these public works could be carried out by native engineers?—I do not think that we have. But I do not think that as students they have exhibited remarkable qualifications. The native mind leans more towards sedentary employment; they take more kindly to the bar or teaching.

2475. Is it the case, as I have seen stated repeatedly in print, that a native has been encouraged to enter an engineering college, and that after having succeeded extremely well in the examination, he has had no chance of obtaining employment, and in fact has not been treated fairly?—I can only say in regard to the Calcutta Institution, which I was connected with some years ago, that Government began by giving every native who qualified, and passed the standard, an appointment as an engineer. The consequence was, that a great outcry was raised by all the senior engineers that they were being swamped by a staff of men who were useless for practical work.

2476. Are you not aware that what I have just referred to has been stated with reference to the engineering colleges?—I do not know the precise figure, but I am under the impression that of late years the number of men who have passed the qualifying examination has been much greater than the number of men who have received appointments.

2477. Therefore, while you were establishing an engineering college in England, there were qualified native engineers to whom no employment was given?—But that statement must be considerably qualified. The fact of a native passing an examination in any form is no test whatever of his qualification as an engineer. That was found at Roorkee and Calcutta; and the outcry was raised by the senior engineers that these men, appointed by a mere academical test, were unfit for practical work, and it was thought desirable to make them undergo a probation as apprentices before becoming full engineers. I should have mentioned also that these colleges were not established primarily to train native engineers, but to train native subordinates, who are taught in the vernacular, and for that purpose the colleges have been extremely useful.

2478 As to the management of these examinations, I understand you that the persons to be allowed to go up to the final examination at the engineering college are those who succeed in the first examination?—After the year 1874; in the year 1874 anybody will be able to come up; after that year only those will be eligible who have obtained a place at the entrance competition.

2479. Supposing that you wanted 50 at the last examination, and that 10, 15, or 20 who obtained a place in the first examination had left, how

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how would you supply the deficiency?—To that extent the public service must remain for a time without the officers.

2480. Supposing 15 are drafted off to other pursuits, and 20 prove themselves in the final examination not qualified, then you are left after having undergone great expense without any proper supply at all?—If such a case occurred, that would be the result; but I am not apprehensive that when men have an appointment of that kind guaranteed, they would go off to other pursuits much.

2481. But, when three years before, you say to a young man virtually, that you have an appointment ready for him, is there not a danger in doing so, because the last examination is not a competitive examination, but a test examination, and there is always a tendency to degrade a test examination to a low standard?—There is, to a certain extent, a danger of that.

2482. I understand that your last examination is purely a test examination?—Purely.

2483. Sir *J. Elphinstone.*] Have not the failures which have taken place in some of the bridges and public works in India been due to the mortar not consolidating?—They have been due to bad building.

2484. But that does not apply to the old works of the natives, does it?—No, their works are usually constructed of excellent material. But then we see only the works which have remained, because they were well built. The English works existing 200 years hence will all appear excellent, for the same reason.

2485. Has the mortar of which these works have been constructed been analysed to ascertain the proportions of the materials?—Old mortar undergoes great chemical changes, and therefore I do not think that you would be able to tell anything from an analysis of very old mortar; no doubt these works were constructed regardless of cost. My own impression is that in India a great deal of the discredit which officers have occasionally suffered has been due to an excessive desire for economy; the Indian public works officers have always been distinguished by a laudable desire to make money go as far as possible, and they have sometimes cut it too fine; moreover, the Public Works Department at present is very largely under-officered. A case occurred in my own knowledge lately with regard to an officer who was responsible for some barracks; these barracks failed; the Governor General was for dismissing him at once from the department; it was then discovered on inquiry that he was responsible for barracks at two stations nearly 200 miles apart, and he represented, how could he possibly look properly after the works of the two places simultaneously.

2486. It has been reported that there is considerable peculation on the part of some of the parties who are placed in the superintendence of these works, has it not?—I have never heard any suspicion of peculation on the part of the superior engineers; it goes on, I believe, very extensively among the subordinates.

2487. Was there not a case in the Madras Presidency about 18 months ago of a man who was charged with peculation?—The person in question was, I believe, holding quite a subordinate position, and ought never, according to the principles of the department, to have been in independent charge.

2488. He was there from the exigencies of the service, not from the choice of the Government?—Yes, I imagine that was the case.

2489. That is the difficulty, I apprehend, in the construction of those large works, the difficulty of honest superintendence?—That is a very great difficulty in India, no doubt, as everywhere else.

2490. *Chairman.*] You have stated that the superintendence of public works in India, so far as you know, has been somewhat under-manned; are you aware of an estimate that was made in the Public Works Department of the cost of superintendence of public works in India?—Yes; I used every year, whilst Accountant General, to prepare a statement compiled from the accounts, and the per-centage, including all the superior establishments, the accounts, the audit, and, in fact, everything you could possibly throw in, was about 16 to 17 per cent. on the expenditure.

2491. Do you recollect an estimate of Colonel Strachey, that it was nearly 30 per cent., an estimate contained in his Minute in reference to works being undertaken by the Government?—I have certainly no recollection of that figure, and Colonel Strachey was quite acquainted with the accounts.

2492. When you state, as an illustration, that you employ these very costly engineers in superintending the working of such a work as the Ganges Canal, is the Ganges Canal a work that ought to require more than one civil engineer to superintend it?—It is generally found, I think, that an engineer can manage properly about 30 miles of canal with all its branches, and that he cannot efficiently manage more.

2493. Do you mean that it is necessary for the superintendence of a canal to have an engineer of this costly character for every 30 miles?—I do not think that he is more costly than any other European would be. The salaries in the Public Works Departments are as moderate as in any other branch; an assistant commissioner would cost as much, and not be able to do the engineering details.

2494. Do not you think that a small piece of canal like that could be worked by a native at a very small salary?—I should say not, certainly.

2495. What engineering is there requiring any skill at all when the canal is constructed; would not a person of the standard of a skilled sapper and miner be quite competent to superintend the canal?—In the first place it must be remembered that these officers combine very considerable fiscal duties with their engineering duties, and they are subject to great temptations. If you go below that class in life in which it is disgraceful to take a bribe, I think you are exposed at once to a great deal of loss, much greater than the salaries you pay.

2496. Are not fiscal duties undertaken by natives constantly?—I do not think that any native has the same responsibility that a canal officer has in the selling of the water, and the management and assessment of it. Certainly the cry in the Canal Department has been for more officers, and although it may have been to a certain extent exaggerated (it certainly has never been complied with by the Government); the more you increase your staff the more your revenue increases too.

2497. Do you contemplate on that principle, that wherever there is a charge of expenditure and income there is to be a skilled engineer, and

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not a native, entrusted with that?—I do not say necessarily a skilled engineer, but you must have a person of skill on the spot, and it is much cheaper to have the two requirements combined in one person.

2498. Sir *S. Northcote*.] With regard to the questions of the honourable Member for Brighton, I understand your principle is to bring young men into the college by competition, then to educate them with special reference to the duties which they would have to perform, and then to give them appointments, subject only to the test examination; would it be possible to dispense with the test examination under such a system as that?—I think it would if you really had college students to deal with, men that had been educated under your own eye. I think the fact of their having satisfactorily gone through a three years' course would be a very good guarantee for their efficiency; but, on the other hand, I think that it is a useful check upon the college officials, and a means of satisfying the public that your system is thorough to have that test; and, lastly, it is a very good thing for the students themselves to keep before them that final examination.

2499. Do you think that there would be the same danger of the degradation of the test examination under a system in which the Government was itself training officers for its own use, as there is in the case of admitting a young man into the Civil Service on nomination, subject only to a test examination?—No, I apprehend that the two cases are quite distinct, and not analogous. I should observe that, since the examiners would be entirely independent persons, they would have no object or motive in lowering the test, that I can see.

2500. And on the contrary, the Government would have a very strong motive for keeping up the test, in order to ascertain that the men whom they had sent out were really fit for their duties?—I have not the least doubt that if any men fail at the last, their friends will exercise considerable pressure to get them through; but if the Government is firm the test will be kept up.

2501. If you were to substitute a final competitive examination for the test examination, how would it operate in respect of the young men who are admitted in the first instance; would it discourage them from entering the college?—You mean in the case of their not having appointments guaranteed to them, but simply having to compete? Well, I should apprehend that there would be great danger of the plan failing in that case; the uncertainty of the prospect would deter them from coming forward.

2502. Would not that render it more probable than if any opening occurred in the course of their education at the college in another line, they would take advantage of that opening, and turn off to some other service than would be the case if they felt that they had their career in India to look to?—I think then a great number of the students would be sure to go and compete every year for the Indian Civil Service; others would go to Woolwich and try to get in there.

2503. It is suggested that there is nothing to prevent their doing that now; but, on the other hand, they have almost a certainty before them, and there is less inducement to throw up that certainty than there would be to throw up the chance of success in a competitive examination?—I apprehend that is what keeps them now, and also the fact that our course of study is not a very good preparation for open competition, so much of our work would not tell in a competitive examination; a man is rather, to a certain extent, weighted who goes up from us to compete.

2504. The fact that there is not to be a competitive examination is rather a discouragement to cramming in your system, is it not?—I think so.

2505. I mean, supposing you were to substitute a competitive examination at the end for a test examination at the end, would not that rather tend to encourage cramming?—The sort of subjects in which we want to examine a man, probably, are not suitable for competitive examination. For instance, one of our main subjects for examination at the end of the college course is what is called a "project;" that is to say, a long exercise, combining drawing, surveying, and knowledge of mechanics, and so forth. Each student has to prepare a "project" of this sort, such as a survey and design for a portion of a road or canal under supervision, and that is an exercise which, while it affords a very good test of a man's qualifications, it would be very difficult to make the subject of competitive examination.

2506. Upon the whole, you are quite satisfied with the principle that you have now adopted?—I think it is the best, under the circumstances.

2507. In the event of its happening, that in any particular year you were unable to provide the full number of men that were required for that year, would that be a very serious and fatal misfortune to the Government of India?—Well, in such a large department, whether 10 or 12 men, more or less, come in during any particular year is of course not very important. In a great department like that, you cannot precisely say what in the nature of things is the absolutely necessary staff of officers.

2508. It might throw a little more work for a year upon those who were out there, or might render it necessary to send a rather larger number in the following year, I suppose?—What would happen would be, probably, that some work would not be undertaken that would have been, or there would be some small depreciation in the value of the work, or the men there would be overworked. Besides it would always be open to the Government to engage additional engineers from the general body of the profession, as it has been accustomed to do hitherto.

2509. As a matter of fact, the number of engineers available for Government service in India has always more or less fluctuated, has it not?—It has constantly increased, never diminished.

2510. But the Government have sometimes been very short-handed, and sometimes only a little short-handed, and sometimes adequately supplied?—That has been the case.

2511. And you do not intend to rely entirely upon the men from this college for the engineering staff in India; you rely to a certain extent on the military engineers, do you not?—They are kept up to the extent of seven battalions, or 336 officers. That establishment is kept full, and therefore that number of officers is always available.

2512. That is a constant number?—Yes; it is in contemplation to increase that, I believe.

2513. In the event of there being at any time a greater

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a greater pressure than the college can supply, would the Royal Engineers be able to assist to supply that deficiency?—I apprehend that they would be able to do so by reducing the staff in England and the Colonies.

2514. Mr. *Fawcett.*] Would not there be a greater inducement that this final test examination should be degraded than that the old Civil Service examination should be, and for this reason: those Civil Service examinations, as you admit, were degraded chiefly through the pressure of parents brought to bear upon Government by the expression of discontent; if students were plucked, that same discontent would be brought to bear on the Government in this case, and in addition to that there would be the exigencies of the service, would there not?—There is this great difference, that the old Haileybury students were the sons and nephews and relations of the Court of Directors, and it was a very well understood thing that their lines were to be made easy for them, and the standard kept down; the examining staff were also the staff of the college who taught them. Further, the college was established in the days when University tests were extremely low, and they merely kept pace with the feeling of the day. No doubt if Haileybury were in existence now, the standard would have been raised, just as it has been raised, by the force of public opinion, at Oxford and Cambridge, although the "pass" standard is still low there.

2515. Then the case which I put is a correct one?—No, I think not; our students have no friends at Court, so to speak; there is no one to exert himself privately in their favour.

2516. They have just the same friends at Court as any other persons, have they not?—Yes; but not as the old Haileybury students.

2517. I am referring to the English Civil Service: the tendency to degrade the test examination in the Civil Service was so great, that at last it became a farce almost?—I believe that test examination was held for nominees only.

2518. It was degraded, as stated by the Chancellor of the Exchequer not long since in the House of Commons, till it was almost a farce?—I believe it was.

2519. Why may not that be the case in this instance?—Nobody has any special interest in giving our students an appointment. They are not the relatives and friends of the authorities at the India Office, as the Haileybury students used to be. Further, the standard of public opinion is much more exacting than it used to be. At a time when the force of public opinion has brought about open competition for the Civil Service, it is hardly likely that a degradation would occur in any public institution. The presumption as to the future appears to be all the other way.

2520. How many of your 50 students at Cooper's Hill have succeeded in the examination?

2521. Mr. *Eastwick.*] Although this is a test examination at the end, yet I suppose you encourage those students who wish to do very well, by giving prizes?—I should mention that the Secretary of State has endowed the college with a scholarship. Sir William Baker, the Vice President of the Council, has also established another scholarship, to be given as long as he holds office; and the Civil Engineers of the Government service in India have already in the most kind and generous way organised a fund for the purpose of endowing the college; I have just had a telegram from the chief engineer in Bengal, saying that the amount available this year for distribution would be 120 *l.* We propose, in addition, to have college prizes.

2522. Those would be powerful and sufficient inducements?—Very useful inducements.

2523. *Chairman.*] Is the whole treatment of the students compulsory as in a school, or is it spontaneous?—Entirely spontaneous, except that a man must be present seven hours a day at lecture, and be in by a certain time at night, and that the lectures are going on all day.

2524. Sir *J. Elphinstone.*] Is the study of water engineering a distinct branch at the college?—Yes; we have a separate professor appointed for that.

2525. And do you pass young men as water engineers independent of the more general science of engineering, such students as Mr. Bateman's apprentices?—Our plan is that a man must attain a certain number of marks in each subject at the final examination, and also a certain minimum number in all the subjects taken together. He must do very well to get through altogether.

2526. There is not a separate curriculum for water engineers; you do not send a man out as a water engineer to India, as I understand you?—No; but some men would be encouraged to pursue that subject, while others perhaps, would take up machinery, and they would have their choice of going to a hydraulic engineer or a mechanical engineer, or an ordinary civil engineer, during their term of pupilage.

2527. Does that produce a sufficient number of water engineers for the great purposes of irrigation in India?—Practically, India itself is a great school of hydraulic engineering. We teach the principles, but their practical application must come when they enter the service, when one man will go to a railway, and another to a hydraulic work, and so forth.

2528. The branches are not distinct, then?—In India they are gradually tending to become quite distinct.

2529. Would it not be a good thing to make them more distinct in the training in this country?—The principles of engineering are very much the same, I think, in every case.

2530. Only the hydraulic engineering is quite a different branch of the profession in this country, is it not?—I believe so.

2531. Sir *T. Bazley.*] Will a hydraulic engineer be taught the art of constructing culverts in the best way?—I may explain that we take the students through what we conceive to be a complete course of construction, and especially the mathematical principles which are applicable to hydraulic engineering as to other engineering.

2532. Sir *D. Wedderburn.*] With reference to the qualifications of natives to act as civil engineers, would you not say that in many Indian buildings, particularly those of the Mussulmans, the very highest engineering skill is displayed?—I could not say engineering, but architectural skill.

2533. You know the Imaum-bârah at Lucknow?—Yes.

2534. You know how the roof is constructed?—Their dome roofs are very clever, no doubt; the great dome of the large mosque at Delhi is a very good specimen. That at Beejapoor is still more remarkable.

2535. The Imaum-bârah is 63 feet span concrete?—

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crete?—But they appear to have entirely lost that art of building in this way.

2536. *Chairman*.] Perhaps it was only imported into India by foreigners?—I believe very little is known as to the facts on this head. When the Mahrattas overran the country previously to our coming on the scene, art generally declined, and we found India in a state of decay.

2537. Sir *D. Wedderburn*.] But that building to which I have referred is an indication that the natives possess talents which, if cultivated, might produce great results?—The tradition in India is that those great works of art were constructed by Italian engineers.

2538 Mr. *Eastwick*.] Some of these builders in the first instance were foreigners; for instance, of the Taj of Agra; but I suppose that some of the best builders came from Persia, and made a great many bridges which have lasted for centuries?—No doubt the connection between India and Persia was more intimate at one time.

2539. Sir *C. Wingfield*.] Is it anything more than a tradition that the builders of the Taj of Agra were Italians?—No, not more than a tradition.

2540. Lord *E. Fitzmaurice*.] Have you ever heard mention of great public works, tanks for instance, made by natives?—Those tanks, unquestionably, were all made by natives; but as a specimen of engineering skill they are extremely clumsy, and there is an enormous waste of power in them; you see an embankment 200 feet thick where one of 10 feet would have been sufficient.

2541. Since they have been allowed to be neglected, the cultivation of the Island of Ceylon has become very inferior to what it was, has it not?—I am not acquainted with Ceylon, but in India we English found those tanks out of repair; nothing, I think, has fallen out of repair in our day.

2542. With regard to the demand in India for engineers, may it not be possible that in any given year the demand in India may be very much below the supply of Cooper's Hill; for instance, of the 50 candidates there may be only a demand for 30; what would become of the odd 20 in that case?—I do not think it would be possible, in a large service like that, already 1,000 strong, to have any exact relation between supply and demand at the particular moment. Further, there is always a great deal of office work, and work in the way of preparation wanted, even if there is not actual field work going on for them to do.

2543. Do the candidates who have not been educated at the Cooper's Hill College compete against those who have been so educated?—They do not compete.

2544. But I mean they have the same examination to undergo?—Yes.

2545. *Chairman*.] About the failure of the masonry works in India, do you know whether the chief cause of that was that the works of masonry were designed on the standard of Europe, in point of thickness, and that they failed because they were executed by natives of India, who were not able to work up to that standard?—I think a great many of the failures in India have arisen from the supposition that the workmanship would be first-class workmanship, and that the works have been designed without allowing a sufficient margin for indifferent work.

2546. The workmanship itself was generally the workmanship of natives?—But under European superintendence.

2547. But the European superintendence being comparatively limited, did not the failure result from the imperfect execution of the work by the natives?—If you refer to the work done by the natives, I think that the superintendence has been sufficient in point of quantity

2548. You gave us, as an illustration, the case of some barracks where the officer had two works to look after, and one must have been left very much to a subordinate, and it failed?—Yes; but I should observe that the Government establishments bear no sort of proportion to the railway establishments in point of number.

2549. Do you know that, notwithstanding the magnitude of the works carried on by the railway companies, the superintendence, as shown by reports, was less than that of the Government?—My own investigation would lead to a different result, that the railway per-centage of establishment was very much higher. You may make "establishment" anything you like. When first I was connected with the accounts I found that the custom was to charge a large part of the establishment to the works; this led to irregularity, and in Lord Canning's time a rule was passed that every description of establishment should be charged as establishment, the result was, of course, to increase the apparent cost of establishment; but even with that change the establishment has never gone up to 20 per cent. Now, on the East Indian line, when I was acquainted with the accounts, the establishment was nearly 30 per cent.

2550. Sir *C. Wingfield*.] With reference to the work being left to subordinates, and the suggestion that that might account for its being badly done, the superintendence not being adequate, those subordinates were as often Europeans as natives, were they not?—Yes; and I think the native subordinate, as a rule, is quite equal to the European, if not better.

2551. Mr. *Lyttelton*.] Is there any special inducement offered to natives to proceed to this college at Cooper's Hill?—No, they are on the same footing as other people.

2552. You have had no candidates sent from India to your college?—No.

2553. Do you know whether it is the intention of the Government to maintain the existing colleges in India?—Yes; they supply skilled native subordinates, who are still as much wanted as ever. At Roorkee there are something like 150 students preparing to become native subordinates, while there are only five or six in the higher class; the greater part of the staff and the whole arrangements are adapted for these subordinate classes. The upper department is a kind of afterthought imported into the college afterwards.

2554. I understood you to say that Government somewhat discouraged the college at Poona; can you explain that?—I do not see that any natives are appointed from it; I conclude, therefore, that they do not give it encouragement, because it is difficult to suppose that the natives cannot pass the test.

2555. How many colleges are there in India for engineering?—There is one at Roorkee, which is the largest, and one at Calcutta, a branch of the presidency or general college. Then there is a civil engineering college at Madras, and another at Poona, but the Roorkee establishment

establishment is very much the largest of the whole; it costs about 18,000 *l.* a year, and the native students all receive a stipend instead of paying to go there.

2556. Mr. *Grant Duff.*] Natives may go from any part of India to Roorkee, may they not?—Yes; but as the education is in Oordu, or Hindoostanee, it is practically open only to the natives of the upper part of India.

2557. Mr. *Fawcett.*] What does a young man get now for his first appointment, after going through his course of studies at one of these native colleges, compared with a young man leaving at Cooper's Hill?—A young man leaving these native colleges will be appointed an apprentice to an engineer, and will get 120 *l.* a year, but that does not apply only to a native, but to anybody educated there.

2558. What it really comes to then is this: you spend a vast sum of Indian money in establishing this Cooper's Hill College, and the result of it is, that young men who leave that college pass into an appointment of 400 *l.* a year, whereas a young native who goes through the course in India under the same terms starts as an apprentice at 120 *l.* a year?—Well, in the first place, he does not start on the same terms, because the test is a very different one.

2559. He might be willing to pass the same test as the students of Cooper's Hill College?—The Cooper's Hill course lasts three years, and the students are admitted by open competition; they are therefore selected candidates. The students at all the other colleges are practically not; there is no competition whatever for them, because anybody who likes can enter, and they are paid very handsomely for going there.

2560. How much are they paid?—I think that the scholarships at Roorkee are 40 *l.* a year, with free education, that is to say, 40 *l.* for living. I think it is reasonable for the Government to say to them, "We have spent all this money upon you, now you must go through a practical probation to prove that you are competent men;" and it is open to the administration under which they are placed after leaving the college to promote them next day if they like.

2561. If you placed Europeans and natives on an equality, ought not a young native of ability to have the chance of entering some college in India on the same terms as a young Englishman going to Cooper's Hill, and if he shows that he comes up to the same standard of intellectual ability, ought he not to start in the same position?—I should explain perhaps at some little length how the present state of things came about; this change to which the honourable Member refers is a new arrangement. Till within the last two or three years, the students from these colleges, Roorkee and Calcutta, were admitted to the public service on precisely the same terms as engineers from England. The present rules have been established in consequence of the complaints made by the senior engineers, that these young natives lost all energy when they came to them, and never became useful as practical men; and they represented that it was desirable to keep them in a state of probation for a certain period after leaving college. This state of probation is not of very great length, it being quite open to the senior engineers to recommend Government to promote them when qualified; and I have not the least doubt that if a young native or European passed out of these colleges with great eclat, he would at once be put into a higher grade; then, too, the course is very much shorter for students in these Indian colleges; it really only lasts a year and a half, so that a native from Roorkee might go through his apprenticeship, and yet at the end of three years might start on equal terms with a Cooper's Hill man who had entered college at the same time with himself, with this difference, however, that the one has been receiving and the other paying during the whole three years.

2562. Broadly stating it, the result of the present plan is, that you admit young men from Cooper's Hill as assistant engineers at 400 *l.* a-year, whereas the present scheme only admits a native as an apprentice at 120 *l.* a-year, and it is left to the indefinite decision of his superior whether he shall receive more?—Yes; but suppose some of the Cooper's Hill students were sent out at the end of the second year in the lower grade, because incompletely qualified according to the higher standard of Cooper's Hill, the natives would not be in a worse position.

2563. But then it must surely be obvious to you, that if you send them out at the end of the second year with 120 *l.* a-year, they would not go until they were certain that they should be placed in as good a position at the end of the third year as if they had started at Cooper's Hill?—That is the difference; but again, this change was carried out in consequence of the strong protest of the department; in fact, they said that they were being flooded with young native engineers who were of no use to them.

2564. But you are aware, are you not, that great discontent has been caused amongst the natives of India by the unfair position which they have been placed in with regard to the Civil Service; and do not you think that those complaints will extend as regards this engineer's college?—I think it is a question not to be disposed of in a few words. I think very strongly that the natives do not receive their proper share of public employment in India; but then I think that you ought to employ the right kind of native, not any native. I think that open competition is a ludicrously insufficient mode of filling up appointments; no people like it less than the natives themselves.

2565. *Chairman.*] They have a peculiar faculty for acquiring knowledge, have they not?—A certain class of natives have a facility for acquiring knowledge, but they are not the class that you want.

2566. Mr. *Fawcett.*] Do you think that those natives who have a peculiar faculty for passing the examination would be likely to object to the system?—No; but their judgment is not likely to be an unprejudiced one.

2567. You are aware that natives are placed altogether in a position of inequality with regard to any chance of obtaining appointments in the Civil Service, and that that now has extended to the Engineering Service?—Well it has; but it is only fair to say that the Government tried the experiment of admitting them to perfect equality for several years, and gave it up on finding it a failure. When I was connected with the Calcutta Engineering College some years ago, the Government appointed every man who passed out from it an assistant engineer on the same footing as an Englishman, and at the end of seven or eight years the majority had not made any progress

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progress in the service, but were in the same position still, at the bottom of the department.

2568. You said, did you not, that as regards the Presidencies of Bombay and Madras, no adequate care had been taken to give the natives a fair chance?—I do not think that they have had a fair chance.

2569. Sir *J. Elphinstone.*] There is no race in particular in India, is there, that shows peculiar aptitude for engineering?—I think that what is called the working class has a very great capacity for work, but then that is precisely the class that you cannot work up to any literary examination. On the other hand, men good at book work are, generally speaking, useless with their hands. In this country the fact that a man has passed well at an examination affords no presumption that he will not be good at physical work also; and I may mention that at Cooper's Hill our football club, although a new institution, has distinguished itself highly this year; but the natives who do best in examinations are perfectly useless with their hands, and in their own country they are found for hard work almost useless

2570. The hard work knocks up the native?—Their idea is to go about in palanquins and see somebody else do the work, instead of doing it themselves

2571. Have you ever tried Chinamen or Japanese in India for the Engineering Service?—No, they never have been tried.

2572. Do you think that that would be a good experiment to make?—I cannot say I do. I think that there are quite enough people in India without bringing others in.

2573 Mr. *Fawcett.*] Is it not the case, that for a young native, in order to place himself on a position of equality with a young Englishman, both of them, we will suppose, being anxious to enter the Engineering Service of India, it would be practically necessary to incur the expense of coming from India to England with the uncertain chance of succeeding in the first competitive examination at Cooper's Hill?—Ultimately he could get into quite the same position, if he were at one of the Government colleges in India, he would merely have to go through this course of probation in the first instance, although, it must in fairness be added, its duration is indefinite.

2574. But in order to avoid that indefinite course of probation, it would be necessary for him to incur the expense of coming from India to England, in order to have the uncertainty of succeeding in a competitive examination?—That is so; but then I think that a native who has proper views of what an engineer's work would be would not avoid that.

2575. Am I not right in supposing that formerly Government assisted a certain number of young natives to come to England, paid their expenses, in fact, to come to England, in order that they might compete in such an examination as this at Cooper's Hill; and that within the last two or three years the whole of that has been removed?—I am not acquainted with the facts.

2576. *Chairman.*] On this question of equality, I understand that the Englishman has to educate himself at the cost of 150 *l.* a year for three years in addition to all his maintenance in vacation and clothes; and that then he has to go at his own expense to India?—No, his passage is paid.

2577. But the native of India is educated at the college free of cost?—Yes, and receives a stipend in addition.

2578. When he is first employed he is employed in his own country, whereas the Englishman leaves his own country and has to go abroad. What do you consider is a fair equivalent between a native being employed in India and an Englishman going to India, with regard to salary; ought one to receive as a fair equivalent price as much as the other, or what should be the proportion to put them on an equality?—That is a very difficult thing to say, but with regard to what has been said by the honourable Member for Brighton, I would certainly admit that the appearance of equality no longer exists, and to that extent you may say that they have a grievance, but if that inequality were removed tomorrow, still that would not secure you the right class of men that you want as native engineers, the gentry of India.

2579. What do you consider the money equality of a European going out to India to serve there and a native serving in India in the same appointment; what relative salaries do you think would put them on an equality; ought one to receive twice as much as the other, or what percentage would put them on an equality?—No doubt a native can live with as much comfort to himself at 100 rupees a month as a European can on 400; but then a native appreciates the value of money quite as much as a European.

2580. What are the earnings of a skilled carpenter in Bengal and the earnings of a skilled carpenter in London, for instance?—A skilled carpenter in Bengal would get about 1 *s* a day. and a skilled carpenter in London I suppose 6 *s.* a day.

2581 And if you got a skilled carpenter to go out to India, do you think that he would go for 6 *s.* a day?—No

2582. What do you think he would expect?—We find that we must give 200 *l.* a year for a good mechanic.

2583. That is equivalent to a day pay of about 15 *s.*, having regard to the casualties of day pay?—Yes.

2584. And therefore if you take two carpenters and compare them in that way, one would get 15 times as much as the other?—It would be so.

2585. Then if there is any relation between carpenters and engineers the amount of actual remuneration that an Englishman ought to receive in India would be very much larger than the amount of actual remuneration that a native ought to receive in India to put them on equality of payment, would it not?—Yes, to make it equally attractive to the two classes.

2586. Therefore if the Government pay the same sum to the native in India as they do to the Englishman in India, one or the other is wrongly paid?—I cannot conceive any young native being worth a salary of 400 *l.* a year as an engineer at first starting.

2587. Do you know that the railway companies laid down as a rule that no native should be paid the same salary as a European, on the ground that they pay the European to go out, but that they pay the native only for giving his skill in his native country?—I believe that is the case.

2588. Mr. *Eastwick.*] Is it not a fact that a native with 100 rupees would get the very same things at least half as cheap again as a European, supposing

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supposing that they lived in the same style. Of course the European would require very much more expensive things; but supposing that they actually bought the same things, supposing that the European and the native went into the market together, would not the native get things for half the money that the European would get them at?—In the case of supplies bought in the country, undoubtedly.

2589. Sir *C. Wingfield.*] But not in the case of imported things?—The native would probably pay more for those than the European.

2590. Mr. *Fawcett*] But do you not think that it is a most dangerous thing to attempt to govern a country by telling the whole people that they are inferior, and did not the Queen in her Proclamation say that she would treat them all on an equality; does not your answer virtually amount to her telling her Indian subjects that they are inferior people?—No, I think not, because I should wish to qualify a former answer in this way: at present the Government has been encouraging a certain particular class to come forward and get a very cheap education. I do not think that is the class that you want to attract to the public service by very high salaries, not the class that either you or the people of India want to be put into high positions; this policy of giving gratuitous education tends to exclude the nobility and gentry of the country, who are looked up to by the people of India, from the public service, and to give these appointments to a class of very estimable men, no doubt, but who are not looked up to or respected by the people of India.

2591. But if you say that a claim to an appointment should be a certain standard of ability, can you say that the spirit of the Queen's Proclamation is carried out if you say that the natives of India, even if they come within this standard of ability shall be treated as inferior people, and paid at a lower rate?—No; my own feeling is, that people should be paid exactly alike, whether European or native, according to the service that they render. My contention is, that they do not render the same service in the particular case at issue, and, therefore, that in that case justice does not demand that they should be paid alike.

2592. Any person, for instance, can go into this engineering college at Cooper's Hill, cannot he?—Yes.

2593. But if a young native were to come over here, supposing he happened to be able to pay the sum required, you would never think of saying that if he succeeded he should receive less than an Englishman going out from the college?—Certainly not.

2594. Therefore you admit that he has a right to receive the same remuneration?—He would have undergone the same test in the case which you are putting.

2595. But my point is, that although he possesses the same ability, you place him in an unfavourable position to start with, and do not give him a fair chance of proving his ability under the same test?—I think that there is an ambiguity in speaking of the same standard. I do not think that the test is the same. In the first place, the native has not, as a matter of fact, come to England or been to England before, and he is not the same useful man as an Englishman. If ordered to Burmah, for instance, he might very likely say that his caste interfered with his going there; therefore he has certain disallowances in his favour which the Englishman has not. I am only putting that case to show that they are not exactly equal.

2596. You select men for this service, whether wisely or not, by competitive examination; you therefore say, that what admits a man to the engineering service in India is a test of knowledge; you may have other tests, personal qualification, or many things besides, but that is the test that you have laid down; and what I am pressing upon you is this, that you do not give the native in India the same opportunity as an Englishman of showing whether he can come up to that test or not?—Not precisely the same opportunity.

2597. Not at all the same; if you make the people of one country travel 16,000 miles, and make them incur considerable expense in order to give them the opportunity of showing whether they can pass the test or not, and you allow other people to go through that test almost at their own doors, the people of the two countries are not placed on an equality, are they?—But you have a separate test for the people of India, which is not exactly the same, but comes to the same thing in the long run for a really good man. A native starting at the age of 18 ought to reach the position which a student from Cooper's Hill reaches in the same time; and although men enter the engineer service by different roads, and certainly under different conditions, once in it, they are remunerated solely with reference to work done without any regard to race or to previous tests.

2598. *Chairman.*] Does not the whole Government of India proceed upon the principle that the English are there upon a different basis from the natives of the country?—I suppose it does.

2599. And therefore, if the doctrine were to be admitted for a moment that the English and the natives were all equal, the proper way of carrying that out would be for us to withdraw from India altogether, would it not?—I am not prepared to say that I do not think that the natives should have the same salaries for the same posts as Europeans.

2600. Do you think that they ought?—I think a great deal is to be said both ways.

2601. Do you think that a Sepoy ought to receive the same pay as an English soldier?—If he entered a European regiment. A European soldier is liable to be sent anywhere, and that makes a difference in the conditions of his service.

2602. Are not the natives enlisted for general service?—Not in the same way; there is an understanding that they shall not be sent out of India.

2603. Are you not aware that the regiments in Bombay are enlisted for service generally?—I believe that they are enlisted for general service, but there is an understanding that they shall not be sent away on service, except in case of war. Further, a Sepoy can leave the service when he likes. Again, you cannot treat him as a European; you could not put him on salt pork rations, for instance, as you could a European; but if a Sepoy enlisted in a British regiment, and underwent the same duties, I would pay him the same.

2604. Is it not the fact that all Europeans employed in India are paid on the basis with reference to what they could earn in this country?—That is so.

2605. On the same principle, therefore, as it is necessary to import engineers into India, whether

civil

civil or mechanical engineers, they are all paid upon the basis of the earnings of a similar class in this country?—Yes; I presume that you fix your salary at a point sufficient to attract them.

2606. They are sent there because they were wanted, and the work cannot be done without them?—Yes.

2607. You know that the railway companies have been very anxious, for instance, for the sake of economy, to employ natives in their work, and that they have been unable to employ natives to any extent; but they have kept the importation of Englishmen, they being much more costly, within the narrowest possible limits?—Yes.

2608. You know that they have never been able to find a native engine-driver whom they could trust with a train?—I believe that is so.

2609. And they are obliged to employ English mechanical engineers at a salary much larger than they could earn in this country?—Yes.

2610. Though they would be most glad to employ natives if they could have got them, because they would have got them for a quarter of the salary?—I think, as regards those subordinate employments, you may fix your wages at what you can get the article for; but, I think, when you come to the higher appointments you cannot very well avoid giving natives and Europeans the same remuneration. I speak of judges, for instance.

2611. If either for State purposes of policy, or State interest, it is necessary to bring a person from a distance, why should you not pay him according to the exigencies of his position, and pay a person whom you find in the country according to his position, what injustice is there in that?—I do not say that in the abstract it would be an injustice, but as a matter of policy it would not be desirable.

2612. As regards the justice of the thing it would be equality, as regards the policy you might pay him anything?—I think that you would never persuade them that they are not in an inferior position, if you paid them less than Europeans.

2613. Do you not think that, if other ideas were not infused into their minds by Europeans, they would be perfectly well satisfied?—I do not think that they would be in the present state of feeling; and certainly the judges of the high courts of natives are paid without any distinction.

2614. Does it not afford the greatest opportunity for good government, with economy, that natives should be employed, and that they should be employed at salaries proportionate to their position in their own country?—If a very large number of natives were to be employed in the higher posts, then the question would arise whether the scale of salaries should not be reconsidered; but so long as those cases are exceptional, it seems to me good policy to pay them the same.

2615. Would not the effect of paying them salaries proportionate to their earnings and their position in their own country be, that if you could employ natives you might have double or three times the number of people that you now have?—That would be the case. But I should observe, as regards the engineer service, that the only test recognised is the capacity to fulfil certain functions. The Government says, "We do not care whether it is a European or a native, if he has the requisite capacity. The gentleman whom I referred to just now, Mr Kunya Lâl, is occupying a good position as an engineer, and receiving a much higher salary than he could have got elsewhere in the public service; and all the other native engineers who are gradually making their way up the list, are paid precisely at the same rate as the European engineers of the same departmental rank.

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2616. If the Government did not pay this large sum, they ought to have two or three natives where they now have one European, who would be just as competent to perform the duty?—Yes; on the other hand these high salaries ought to form a useful stimulus to the natives to raise themselves to the standard.

2617. If you had got a great many people to raise themselves up to the standard, would you propose to bring them into the service?—If that case were to arise it might be desirable to reconsider the whole subject of native and European salaries.

2618. Mr. *Grant Duff.*] Do not you suppose that the Government would be only too happy if it could get all its civil engineering work done by natives?—I think, certainly, they have always desired to employ them as largely as they could employ them

2619. And you do not doubt that if a young native showed remarkable ability, the Government would push him on in every way that they could?—I think that is done already. Every half year the chief engineers of the different provinces recommend officers of the departments for promotion from grade to grade, to fill any vacancies that exist, occasionally a native is chosen, and occasionally a European; but as a matter of fact, it is very rarely that the young native engineers have been found fit for the higher posts, some, however, of those appointed during the last 12 years or so have already got three or four steps of rank, some two, and some one, I think that their promotion has gone precisely in accordance with their merits.

2620. *Chairman.*] You have seen something of the present railway system in India?—I was auditor of the railway accounts for the last six years of my office there.

2621 What was the opinion which you formed of the guarantee system in India?—I think that the guarantee system had only one merit (it was a very great merit, I think), which was, that by means of it the railways were carried out, I do not think that under any other system we should have had those railways at all.

2622. Do you think that the system led to works being carried out in a more costly or careless manner than if they had been carried out directly by the Government officers?—I think so, unquestionably.

2623. What do you think the carelessness or costliness arose from?—I think that it arose from a variety of causes. Railways began in India in the year 1848, when the first staff of engineers were sent out, and I need hardly say that in those days engineers in England were not accustomed to make economy their first consideration. These gentlemen were sent out to make the railways, and there was a kind of understanding that they were not to be controlled very closely. There was a staff of consulting engineers appointed Government officers to control their proceedings; but I do not think that those officers had any very firm support from the Government. The understanding, I think, was rather

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of this sort: Here are these railway engineers; they are very fine fellows, and know their work a great deal better than you do, and are not to be controlled too closely Then too the system of audit was extremely imperfect; it was what is called technically a post audit—nothing was known of the money expended till the accounts were rendered. The result of the system was that on one railway, the East Indian Railway, 4,000,000 *l.* sterling out of 20,000,000 *l.* had been disallowed from the capital account. The only thing to be done, however, under those circumstances, was to allow it, and bring it all into the capital account again, because under the contract as it was worded it was quite impossible to disallow it finally, and it was quite understood that whatever was spent must be eventually passed.

2624. The Government having been consulted through their consulting engineer or other officers previous to the expenditure?—Well, a great deal of the expenditure took place which no one was consulted about. The supervision in those early days was extremely lax; that is to say, what took place in India was precisely what took place in England in the earlier days of railways, namely, that engineers had pretty much *carte blanche* to do what they liked.

2625. I suppose the difficulty of the relations between the engineers of the railway company and those of the Government arose from the fact that the engineers of the railway company had experience, and those of the Government none?—Yes; and also that they had had experience of the way in which things were carried on in England, and that was not to interfere with the engineers. Moreover, the agents of the companies had no control over their engineers any more than the Government officer. It seemed to be considered by the agent that the accounts of the engineers were a mysterious thing not to be inquired into. I do not say that there was the smallest suspicion of irregularity, but simply that there was no check for economy.

2626. Mr. *Fawcett.*] If I understand you rightly, those four millions which you refer to, spent on the East India Railway, which were disallowed, was money which had been improperly spent, or wastefully spent?—I should not say improperly spent; usefully spent for the most part, and not wastefully.

2627. Why was it disallowed then?—Because it was spent without previous authority from either the Government or the agent of the company.

2628. Are we to understand the contracts are so loosely worded that the railway company could spend just what money they liked, and obtain a guarantee for it from the Indian Government?—In those days the mode of regulating accounts of the railway companies was not understood in the least; there was no system in England of regulating the capital account of a railway company; this has been a thing only worked out by time and experience.

2629. Still I understood you that the contract was such, that though those 4,000,000 *l.* had been spent without authority, India was obliged, and is still obliged, to pay 5 per cent. interest upon that money?—Yes. There are two contradictory clauses in the contract; one says that only such money shall be passed, of which the accounts have been approved; the other says, in effect, that all the capital expenditure, whatever is spent, must have interest allowed on it.

2630. Have you ever made any estimate as to the amount of the capital which has been spent by the railways, in the aggregate, which is in a similar position to those four million pounds, in respect of having been spent without any authority?—No. In the East India Railway their audit had been of a more formal kind than elsewhere, and there had been more irregularity in the accounts there than in the other railways The money had very often been properly spent, but with no authority. An estimate had been sanctioned, for instance, for a bridge to cost 100,000 *l.*, but it cost 150,000 *l.*, and the excess may have been quite justifiable, indeed unavoidable; then the audit passed the 100,000 *l.*, and left the 50,000 *l.* out.

2631. If I understand you rightly, the contract which compels the Indian Government to pay interest on this four millions, spent without authority, is still in existence?—The contract is still in force.

2632. It has never been altered in the wording?—It cannot be.

2633. Therefore this system may go on, may it not?—No; the system has been entirely stopped. In those days the plan in most railway companies, I think in all, was first of all for the Government from time to time to place the agent in funds; the agent on his part used to place the engineer in funds; then from time to time, more or less punctually, the engineer rendered his accounts to the agent, and eventually the agent rendered his to the Government officer; that has been entirely altered. The agent and the consulting engineer, or the agent and his officers, with the consulting engineer, now form a board, which exercises a very close financial control, and no money is allowed to be spent without sanction beforehand; further, there is an independent auditor appointed to each company, and he refuses to pass a single farthing which has not got the previous sanction of the agent and the Government officer, and moreover checks the expenditure day by day, and thus any irregularity is at once detected and brought to notice.

2634. Have you ever formed an estimate at what rate the capital account on the old lines is increasing; take any line of railway you like; say the line from Calcutta to Delhi; how much is added to capital each year?—There is a good deal of misconception about that capital account, I think. When a railway has been opened in the first instance, it has not been finished, generally speaking; stations have not been built, and the sidings not completed, and the accommodation for all the establishment has not been built, and clearly you would not consider the capital account closed till all this was done; therefore you cannot say that the railway is finished for many years afterwards. Then, on many lines, the Great Indian Peninsula, for instance, they have made their first stations of a very temporary and slight character, and they are gradually improving them as traffic arises. Then, on the Eastern Bengal, they did not construct their stations in the first instance; they simply opened the line and waited to see where the traffic arose, and, as it arose, they put stations; that clearly is not an increase of the capital account.

2635. Supposing that the capital account of the Indian railways is now 90,000,000 *l.*, the answer which you have given goes to show this, that if not a single mile of new line were opened, in a few years it would be a great deal more?—Probably the railways are not finished.

2636. Therefore

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2636. Therefore you do not know what any of the railways cost?—I should think that on the East Indian line they have reached nearly the final expenditure, because from the first they have established their works on a substantial scale

2637 Have you made any estimate as to how much would be added to the capital account in the next 10 years, supposing no more line was opened?—It is impossible to say.

2638. But it is steadily increasing, you say?—Simply because the railways are not finished.

2639. You said that the Government could not have constructed these railways; why could they not have done so?—I think that the policy of the Government of India has been so vacillating, especially in regard to public works, that they never would have carried out a great scheme like that to completion in those days.

2640. I mean that there was no physical reason?—No; but one may judge from their conduct in regard to their own works on a much smaller scale. Whenever a war or campaign took place, the first thing was to stop all public works; indeed the very idea of public works was a novelty in those days.

2641. You think that the guarantee system ought to cease entirely, as I understand you?—I can see no good in maintaining it.

2642. And many disadvantages?—Many disadvantages. I see one great advantage in the guarantee system, however, namely, that if you commit yourselves to a work you have to do it.

2643. Still you think that the disadvantages so much counterbalance the advantages of the guarantee system, that that system ought to be discontinued?—Yes; it is, however, easy to be wise after the event. Those guarantees have performed a very useful function in India, but I do not think that they should be carried further.

2644. You would have no more guarantees?—Certainly not.

2645. *Chairman.*] Did you intend the answers that you have just given to apply to the continuance of the guaranteed companies beyond the periods allowed for determining their guarantee, or only to the promotion of new companies?—I apprehend that the best policy of the Government would be to buy up the railways under the contracts so soon as they can.

2646. Sir *S. Northcote.*] When you said that these railways never could have been made except by the companies, you meant, I presume, that they never would?—Yes.

2647. Mr. *Grant Duff.*] Do you think that the Government of India has got so little on its hands at present that it would be wise for it to buy up railways as fast as it could?—I think that it would not give the Government more trouble to manage the railways themselves than through the agents of the railway companies. But although I do not think it need, I daresay it would, because the Government would probably interfere more on their own railways than on those of guaranteed companies; that tendency of all Governments to go into administrative details might apply to the railways also.

2648. *Chairman* (to Mr. *Thornton*).] With regard to the Madras Irrigation and Canal Company, will you make your explanation to the Committee of the payment as guaranteed interest of the sum of 49,983 *l.*; under what circumstances is that interest paid in London?—That is the interest upon so much as has been paid up of the 1,000,000 *l.* of capital upon which 5 per cent. is guaranteed.

2649. What is the nature of the contract made with the company?—In the first instance it was understood that a project was to be undertaken by this company which could be executed for a million sterling, and a guarantee was given by the Secretary of State upon that million. When the million was expended, it was found that the work was not nearly finished, and then the company wished to have an extension of that guarantee, which was refused

2650. What was the extent of the work which they proposed to complete?—I think that, in the first instance, the work which it was supposed might be completed for a million sterling began in Bellary I recollect that the company did in the first instance plan a work to commence there; but I am not certain at this moment whether they said that that particular work could be completed to the sea for a million; but what they did decidedly say was this, that a canal commencing at Sunkasala and going from there to the sea could be completed for a million.

2651. Is that the work that they undertook under their contract?—That is the work which they undertook. When the million was spent comparatively small progress had been made, and then they applied to the Secretary of State for an extension of the guarantee in order that they might raise more money. He refused this application, but after considerable correspondence he consented to lend them 600,000 *l.* on the condition that if that did not suffice to complete the work within a certain period, he should be at liberty to take over the works, paying back the money expended on them.

2652. Was the contract on a similar footing to the contract for the construction of railways as regards superintendence and capital expenditure?—I should say that, generally speaking, the contracts of the railway companies were taken as a model, but there are some important differences.

2653. Could you explain what these differences are?—They are rather in matters of detail which I can scarcely specify without having the contract before me. I may, however, mention one or two things; for example, in the railway contracts it is provided that, when the capital account is made up, no expenditure shall be included therein except what has been sanctioned by the Government, and that if the railway be surrendered, the price paid for it by the Secretary of State shall exclude all unsanctioned expenditure. But in the clause of the Madras Irrigation Company's contract relative to the capital account, nothing is said about "sanctioned" expenditure, the phrase "properly chargeable to capital account" being used instead. Moreover, whereas the guarantee of a railway company is for 99 years only at most, the guarantee of the Irrigation Company is "for all time," or until Government purchase their works, in which latter case Government has bound itself to pay to the company the full market value of their stock; so that with respect to any expenditure not "properly chargeable to capital account," it is idle for the Secretary of State to exclude it from that account, for all the same he is equally bound either to guarantee interest upon it for all time to come, or to pay its full amount to the company.

2654 Do the company act through any local committee, or through their engineers sent out from this country?—Do you refer to what was done

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done in the first instance, in order to plan the project?

2655. In carrying on the works, I mean?—They have a manager or agent who stands in the same relation to them as the agent of a railway company, and then under him a chief engineer, and a regular staff, just like the staff of the railway company.

2656. Did the Government appoint a consulting engineer?—Yes.

2657. Did he in any way check the designs for the works, or the execution of them, or the expenditure on them?—Just in the same sort of perfunctory manner in which the same duty is performed by the consulting engineers for railways. It was his business to report upon the design and plan of the work; it was moreover his business to see that the work was properly performed; but it is quite clear that it was impossible for any one officer of Government to exercise any really valid check over the engineers of the company.

2658. The Government engineers had had great experience of irrigation and canal works in India, and therefore they might, if they had chosen, have brought that experience to bear in these works, might they not?—Yes; I suppose that there is no country in the world in which the local engineers have had such experience in irrigation works as in India.

2659. It rests entirely with the Government of Madras, therefore, to have efficient supervision or not?—They have always appointed very good officers; but it appears to me quite impossible that any really valid control can be exercised by a consulting engineer over the operations of any company, whether railway or irrigation. Whenever any bad work is exposed, it is usual with the company to turn round on the Government, and say, "If it is bad, why did you allow it to be executed." But it is quite clear that it was impossible for the officer of the Government to prevent it.

2660. Still, as regards expenditure, would not the Government engineer be able to discover from time to time that the work would not be completed for the sum of a million?—That was very soon seen.

2661. The Government were fully alive to the fact from the very beginning?—I would not say from the very beginning; but it very soon became apparent.

2662. Can you state now what the cost of the work has been?—At this moment it has cost in round numbers 1,600,000 *l.*

2663. Is it complete for that?—It is complete in a certain sense; the work having commenced at Sunkasala, is in a certain sense completed down to Cuddapah; and when the day arrived on which it was to be determined whether it was completed in accordance with the contract, the Government, under the advice of their law officers, admitted that at any rate the defects in the completion were not such as to enable them to avail themselves of the right of taking over the work.

2664. Has any more been spent on the works since then?—Little or nothing, though I should explain that there are some few thousands of pounds out of the 1,600,000 *l.* still in the hands of the company.

2665. Is the work in a state to earn money now?—Yes.

2666. What were the earnings last year?—Last year they were next to nothing; I do not think that they were more than 900 *l.*

2667. What was the annual working expenditure; or has the canal been finished sufficiently long to give us a year's income and expenditure?—The canal was never opened throughout its complete length until this season. The revenue which they received last year was principally what they got from supplying the town of Kurnool with water for domestic use. I know, from being the Government director of the board, that they have private information, or information from their officers, that this year 10,000 acres have been under irrigation.

2668. What is the estimated income produced per acre?—About six rupees an acre; that would be about 6,000 *l.*

2669. Have you any idea of the expenditure and income for this year?—These can only be conjecturally estimated.

2670. Has any reliable estimate been made of what the income and expenditure will be when the canal is in full working operation?—The company have formed their estimates for the purpose; but the views of the Government and the company, with regard to the future, are diametrically opposed.

2671. Can you state what the views of the company are, and also the views of the Government, with regard to the average future working of the canal?—In both cases it is little more than a conjecture. One thing that is known is this, how much land the canal is capable of irrigating; but as to how much will be irrigated, that is to say, for how large a portion the cultivators will require water, of course the estimates vary amazingly. The company imagine that this year the area irrigated will be between 40,000 and 100,000 acres. I do not think that the Government officers have yet attempted to prophesy at all.

2672. Has it been shown to the satisfaction of the Government that they can get six rupees an acre?—That has been shown.

2673. Can you state generally what the supposed out-turn will be when the thing is in working order, either upon the company's estimate or upon the Government estimate?—I could give you the company's estimate, easily, from the figures at the office; they would show what the canal is capable of irrigating, and what their expectations are for a certain number of years; but these are the merest conjectures.

2674. Have the Government also made a conjecturable estimate?—Not at all definitely; the Government take a very unfavourable view of the prospect of the work.

2675. Do they think that they will not get back the guaranteed interest?—They think so, certainly.

2676. Then do they think that the canal will pay its working expenses?—I think a very short time ago the Government would have said that it was very doubtful indeed whether the canal would pay its working expenses, but they really had nothing to go upon. The canal was not opened till very recently, and they had no data on which they could form any reliable estimate. During the last few months the quantity of land irrigated has been greater than the amount expected by the Government officers, and next year the expectations of the company may be realised, but it is impossible to do more than guess.

2677. On

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2677. On what principle was it that the Government selected for its operation this particular work, and guaranteed this million?—One has to go back a very long time, to the time when Lord Stanley was Secretary of State for India. At the time that he took office great changes of all kinds were expected, and among other things it was expected that great encouragement would be given to what was called private enterprise in India, which meant, of course, that private enterprise should go there, Government undertaking to guarantee the parties against all loss, and leaving them all the profits. This system had already been carried on to a certain extent with regard to railways, and the promoters of this irrigation company contrived to get strong recommendations from Manchester and elsewhere that it should be tried with regard to irrigation also. Lord Stanley yielded so far as to promise to give a guarantee of 5 per cent. on a million sterling for the execution of any project that the Government and the company together might agree upon. After a little while this project was agreed upon. I think Sir Arthur Cotton was the person who recommended it most strongly, but if you were to compare the language which was used with regard to the project at that time with the present history of it, you would not suppose that the two statements related to the same work.

2678. Was it a company that was to operate in Madras, or was it to operate generally in India?—I think that the Act under which they were incorporated empowered them to act throughout great part of India; but the Act merely empowered them to act if the Government permitted them.

2679. Having selected this large field of operation, how was it that the Government chose this particular line of canal, when they have not even now arrived at anything like an accurate estimate of what it is likely to produce?—They formed an estimate then; very sanguine expectations were held out. All I say is that those expectations have not been realised; and at present, in forming any estimate for the future, all the data the Government have got are really little more that past disappointments. They know that there is a certain amount of land which can be irrigated, always supposing that the canal will hold water, and always supposing that there is water enough, both things being doubtful, for the canal has never been completely filled to this moment, and it is a somewhat moot point whether, if it were filled, the banks would hold the water. Then, again, as to the quantity of water; it has to come from rivers, in which there is no very great quantity to spare; and it is universally acknowledged that, in order to have water for a second crop, large tanks or reservoirs must be made.

2680. Do you mean tanks to supply the canal?—Yes; that is to say, an immense tank some hundred miles off to replenish the canal. The engineers who recommend the construction of this tank give estimates, according to which it will cost so much, and so much benefit will be derived from it; and, according to their account, it will be a very profitable speculation. At the same time, that is a sort of thing that has never been tried; and it seems doubtful whether it would be a good thing in a country like India, at an enormous expense, to make a tank, in order that the water from the tank should be carried along by a great open channel, in order to replenish a river 100 miles off. One would think that the loss by evaporation and absorption would be very great.

2681. That is an additional expense?—Yes.

2682. It is the Madras Government, as I gather, that is responsible for bringing this project under the notice of the Secretary of State?—They were responsible so far as this, that having been proposed by the company they agreed to it; the responsibility must be shared between the Government and the company. I do not think the Government can be altogether acquitted of carelessness in not having informed themselves better.

2683. It is the Madras Government in particular that is responsible for having taken this canal in preference to any other work that could have been suggested in the southern part of India?—Yes, it is the Madras Government, so far as any local government is concerned, the Government of India had nothing to do with it.

2684. Do you know who was the consulting engineer of the Madras Government?—In the first instance it was Colonel Rundall, an engineer of very high reputation, who is now Inspecting Engineer for irrigation to the Government of India; he is a man of well merited reputation; he was first Consulting Engineer; then he was succeeded by Major Mullins, and he by Colonel Carpendale.

2685. Is there any power to resume these canals after a certain number of years?—Government has reserved to itself the power of purchasing at the end of every period of 25 years.

2686. How is the charge for irrigation to be collected; is it to be collected by an independent staff, or with the land revenue?—At present it is to be an independent levy, that is to say, it is to be levied as a water rate, and not in the shape of an increase to the land revenue, but it is to be levied by Government officers, not by the company's officers

2687 But the rate will be made as a separate water rate?—Yes.

2688. And then they will account for their collection to the company?—Yes.

2689. And then the Government will apply the net surplus in aid of the guarantee?—Yes.

2690. What will be the charge that will be incurred in managing this company; apart from the mere charge for the maintenance of the canal itself, what will be the company's expenses, both in this country and in India?—I will endeavour to furnish that.

2691. I want the items separated, the charge for the maintenance proper, that is to say, the engineer's expenses, and workmen, and the charge for managing the canal in India on behalf of the company, because it appears that you collect the revenue, and get the sum in gross; therefore I want the charge of managing the company's affairs in India, and the whole charge of managing the company's affairs in this country, can you give us those?—I will endeavour to get those things separately, but I am rather afraid that I shall not be able to separate them at present.

2692. Sir *S. Northcote.*] With regard to this company, have they undertaken any other works besides these of which you have been speaking?—Those are the only ones.

2693. Have they ever proposed to undertake any other works?—They are very desirous indeed of undertaking works which will be extensions

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sions of this one. At present the work commences at Sunkasala, on the Toombudra, a few miles above Kurnool; it now goes to Cuddapah, a certain number of miles from the sea. The canal is also a canal for navigation, but for all purposes of navigation it is, in its present state, quite useless; it ends nowhere; its value for navigation cannot be tested until it is extended to the sea.

2694. Have they made application to the Government to allow them to extend their works, and to extend guarantees upon further works?—They have.

2695. And have any applications ever been entertained to that effect?—They have always been steadily rejected.

2696. Have this company any connection with the Orissa and Behar Irrigation Company?—That second company might be said to be a child of this one. The directors were absolutely the same, and the whole staff of the Home Office were the same; the shareholders of course were different.

2697. It was placed on a wholly different footing, was it not?—Quite; it was unguaranteed.

2698. How long after the commencement of the Madras system was the Orissa Company established?—I think it might have been about two or three years.

2699. The idea with which the Madras company was established was something of this kind, was it not. it was hoped that great works might be done by the employment of private capital in India, but in order to encourage people to invest their capital in an entirely new enterprise, it was, in the first instance, required to obtain the guarantee of the Government, was it not?—That was quite the feeling of the Government.

2700. It was not the idea of the Government that they should permanently, and upon an extensive footing, guarantee all works of that kind that might be undertaken, but merely that they should enable the first promoters to show the way?—That was the intention

2701. Then the Orissa company was established, was it not, after the Madras company had made some little progress, in the hope of being able to follow the lead and to carry on the work without any assistance?—It was so.

2702. But after a certain length of time it proved that they were unable to do so, did it not?—In consequence of their being unable to raise the money; I think that was the only cause; if the public had had faith in them, if they really had subscribed the money, those works, according to present appearance, would have turned out profitably.

2703. The fact that they were not able to raise money showed the importance, did it not, of some Government assistance being given in order to set the thing going?—Yes, if it was desirable that private enterprise should engage in irrigation works in India.

2704. Sir *C. Wingfield.*] Are you quite sure that the rate that you said was paid for the water, six rupees an acre, is merely water rate, and is not the water rate and land revenue added?—I am quite sure it is the water rate pure. The rate for a single crop is four rupees, for two crops six rupees.

2705. That is a much higher rate than in Upper India?—That is true; but that six rupees is one of the rates charged by this company, and for water only, I am positive. It is quite true that in Upper India the rate was very much lower; but it was raised seven years ago by the Government of India, because it was thought too low.

2706. But that figure which you gave would be about double the land revenue?—You would very considerably more than double the produce by turning dry into wet cultivation. I am quite sure that the figures I gave are pure water rates.

2707. Mr. *Beach.*] Did Government expect to reap any direct benefit from this guarantee?—Only in this way: if the work had turned out a very successful one, they would, according to the terms of the contract, have been entitled to one half of any surplus proceeds over 12 per cent.; the company were to have 12 per cent., and then the Government half of any surplus.

2708. That was a very sanguine view to take, was it not?—Yes; as I said just now, if any one were to compare the expectations entertained then with the actual history of the undertaking, he would not suppose that they related to the same subject.

2709. Still, as a general principle, you might say that the Government encouraged this particular project for the general benefit of the county rather than for any profit they expected to derive from it?—Yes, and above all, for the reason which Sir Stafford Northcote mentioned, to try the experiment whether such enterprises could succeed in India.

2710. Sir *C. Wingfield.*] Then they might have selected a better project for their experiment?—I do not think that it was a bad project. I think it was badly designed and badly executed in the first instance, but of late years the work has been good.

2711. Assuming that it was desirable to set private enterprise going, do you think that this was as good a project as might have been selected?—I do not say that, but I say that it was not a bad one. If the work now completed had been designed for irrigation only, and if no mistakes had been made in the execution, it might already be paying five or six per cent.

2712. *Chairman.*] But you say it is doubtful whether it can hold the water?—It never had any water during its whole length till this year, and it has never had the full quantity of water. I say it is doubtful whether if it had it could hold it, and in saying that I am merely repeating the language used by the Government engineer.

2713. Mr. *Fawcett.*] What is the date of the first railway contract; 1848, is it not?—I think so.

2714. And the date of this Irrigation Company is 1859?—Yes.

2715. So that your evidence comes to this, that the Government of India, with 11 years' experience to guide them, in 1859 enter into a far more disastrous contract for the finances of India than they did in 1848, as to the terms of the contract, I mean, not as to the result?—I would not say far more disastrous.

2716. More disastrous?—More disastrous to the Government; more favourable to the company.

2717. Therefore the 11 years' experience was not only neglected, but it seemed to produce the opposite result to that which it ought to have produced?—It produced no good results so far as the wording of the contract went.

2718. It was even worse than the former contract?—Yes, in the sense of being more favourable to the company.

2719. When was the interest on this million first

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first paid; in 1859, I suppose?—It was paid as the money was paid gradually into the Treasury.

2720. When was the million finally paid in?—I have not the means of answering that now.

2721. Seven or eight years ago, I suppose?—I should think so; but I cannot say; it depended upon the calls the company made.

2722. But assuming that it was eight years, and that the interest on the million each year is 50,000 *l.*, the amount which has been lost by India would be 400,000 *l.* to the Government of India, in addition to what you will annually lose by the guarantee?—But it must be recollected that the million was not paid in in the first year; after the whole million was paid, then of course the result would be what you say.

2723. Would you bring, next time, an estimate of the amount of interest already paid?—There is no difficulty in getting that. It was recently stated by Mr. Grant Duff in the House of Commons to be 511,852 *l.*

2724. At what rate was the 600,000 *l.* advanced?—It was a loan from the Secretary of State to the company, and they are bound to pay interest upon it, from their revenue, whenever they get any, and to repay the principal by instalments, the first of which will become due in May of this year

2725. What security is there for that, supposing the work turns out a total failure?—As far as I can make out, there is no security at all, unless the Government should sue the company in a court of law, and get the same remedy as any other creditor; that is to say, take possession of the works. I cannot see any other security in the contract.

2726. As long as the company has no revenue the Government of India has virtually advanced this 600,000 *l.* without any interest at all?—Certainly.

2727. When was this 600,000 *l* advanced?—About five years ago.

2728. So that the exact description of the transaction is this: the Government of India had 11 years' experience to guide it; that experience it totally ignored; it then entered into a contract to guarantee 5 per cent. on 1,000,000 *l.*; it soon found out that the calculations were wrong, and that the work would cost a great deal more; it has never got a penny return of that 1,000,000 *l.*; and eight years afterwards it advanced 600,000 *l.* without any adequate security for principal or interest?—With reference to the last point, no doubt, this 600,000 *l* was advanced by the Government of India without adequate security for the payment either of interest or principal.

2729. Lord Stanley, you have told us, was Secretary of State when the 1,000,000 *l.* was guaranteed; who was Secretary of State when the 600,000 *l.* was advanced?—Lord de Grey.

2730. You have been asked the name of the Government engineer; could you furnish me with the names of the directors?—Yes, I can do that offhand.

2731. Who were the directors in 1859, and who were the directors when they got the 600,000 *l.*?—Here is the first list: James Thompson, Esq., Major General Anstruther, Hon. Philip Pleydell Bouverie, M.P., Lieut. Col. J. Grimes, Lieut. Col. W. Campbell Onslow, General Sir George Pollock, Major Gen Westrop Watkins, and Sir James Melvill as Government director.

2732. Did the same men continue to be the directors when the 600,000 *l.* was advanced?—No, there had been vacancies, which had not been filled up, and the number of directors had consequently diminished.

2733. Could you fill up in your evidence what new directors were put on between 1859 and the time when this 600,000 *l.* was advanced?—I was myself the only new director, having been appointed in 1861 successor to Sir James Melvill.

2734. I understood you in reply to Sir Stafford Northcote to state that the Government did not guarantee interest on the amount spent on the Orissa company's work?—No, it was a wholly unguaranteed company.

2735. But is it not the case that at the time when (even if the shares could be sold; assuming for the moment that they could) the selling price of that company was only 600,000 *l.* in the money market, they bought that same company for 1,000,000 *l.* and gave 50,000 *l.* additional?—If the honourable Member would excuse me, questions of this kind were asked me last Session, and my answers are all on record.

2736. That is the fact, is it not, as I put it to you?—It is substantially as you say. I am not sure whether the price in the market was 600,000 *l.* or not; it was something like that.

2737. My question states the facts substantially correctly?—Just so.

2738. With regard to this Madras Irrigation Company, supposing it does not pay its working expenses, who makes up the deficiency?—The company would have to make it up themselves.

2739 So that the maximum loss to the Government is the loss upon the 1,000,000 *l.*, and upon the 600,000 *l.* advanced?—Yes; but in the case which you suppose, of the work not paying the working expenses, the company would be left to make up the deficiency out of the guaranteed interest, which would prevent their paying the full dividend to the shareholders, and at once the shareholders then would cry out to have the works transferred to Government.

2740. Therefore it really comes to this, that if it should prove to be such a failure that the working expenses are not paid for out of revenue, then the Government is certain to have the whole thing thrown on its hands?—Yes; but I do not think it is at all probable that the thing will not pay its working expenses.

2741. It may be probable, if your supposition, or that of the authority you quoted, is correct, that the canal will not hold the water; he was a high official authority, was he not, who expressed that doubt?—What this high authority says is, "If I am to report whether the canal is properly finished I must test it; I cannot tell whether it is properly finished till you put the water in, and the water has never been put in; at least, not to a sufficient height."

2742. Supposing his supposition should be correct, it is possible that there would not be enough to pay the working expenses?—If the canal would not hold the water, certainly that would follow.

2743. Then the greater the failure it turns out to be, the more certain is Government to have to buy it at cost price?—That is quite true.

2744. Sir *D. Wedderburn.*] Do you happen to know whether the Madras Company have ever had any trouble from the salt efflorescence in their irrigation of land?—I think not, in fact, they have never had an opportunity, because there has been no irrigation to speak of.

The Honourable GERALD CHETWYND TALBOT, re-called; and further Examined.

Hon. *G. C. Talbot.*

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2745. Mr. *Grant Duff.*] I WANT to ask you one or two questions with reference to your evidence the other day; have you ascertained since you were last here the cost of insuring ourselves, compared with the cost of insurance carried out in the mercantile world?—I have had a statement prepared, showing the losses which would be covered by Marine Insurance on Government stores shipped for India. For the 10 years ending December 1871, the losses, total and partial, amounted to the following sums:—Total losses, 57,235 *l.* 1 *s.* 1 *d.*; contributions to general averages, 1,600 *l.*; total, 58,835 *l.* 1 *s.* 1 *d.* Add the surveyors' fees, 4,500 *l.*; that gives a total of 63,335 *l.* 1 *s.* 1 *d.* The total value of the stores during that period, from the 1st of May 1861 to the 31st of March 1871, were 11,008,243 *l.* 8 *s.* 7 *d.* The average loss over the 10 years I therefore calculate to be 11 *s.* 6 *d.* per cent. Out of the whole losses, 36,000 *l.* happened to fall within a little more than the first 12 months of that period, and since that we have had comparatively little annual loss.

2746. Am I right in supposing that you concentrate in that building which the Committee visited the other day, the agencies which the Government has at Woolwich, Enfield, and other places?—Yes; we execute every demand of every department from all the presidencies there, with the solitary exception of large machinery which cannot be brought there; that is inspected outside at the manufacturer's premises.

Mr. HENRY C. G. BEDFORD, re-called; and further Examined.

Mr. *H. C. G. Bedford.*

2747. Mr. *Grant Duff.*] I THINK you had some statement to make about freight; you were asked some questions bearing on that subject last time; I want to know whether the rates we pay for freight are higher than merchants' freights, and, if so, whether we are in any way compensated?—My impression is that they are not higher than merchants' freights, taking the average; but I think that, even if they were in excess, there are reasons for the course pursued by the India Office of surveying their ships, and thus limiting the class of ships that are employed in conveying stores to India, inasmuch as insurance would not recoup the Government for the loss of a cargo of stores. The object of the Government is to obtain supplies for the public service in India in the best possible condition without risk, whereas the merchant's object is to get his goods out as cheap as he can, and if they are insured, and he recovers the value of them, he is repaid; whereas the loss of a cargo of clothing, for example, might be a most serious thing to Government. The compensation to the troops would amount to considerably more than any insurance rates; therefore, to secure the best class of ships, and to secure the goods arriving in the best condition, would justify a slightly higher rate, supposing that to be the case.

2748. Have you any other statement to make?—No.

2749. There were also some questions put to you about the per-centage added to the cost of the stores by the action of the Stores Department; have you any statement to make about that?—I can give the result of a very careful examination. The remark made the other day by an honourable Member was, that our per-centage did not include interest on capital invested, and so on. After carefully calculating the total cost of salaries, wages, and of every extra payment whatever, and interest on the capital of the store building and ground rent, our per-centage amounts to about 2 *l.* 17 *s.* and a few pence on the total value of the stores exported in the year 1870–71. It is under 3 per cent.

2750. Have you any further statement to make on that subject?—A statement has been put in for the Appendix showing the items on which that calculation is based.

Tuesday, 9th April 1872.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Sir Thomas Bazley.	Sir James Elphinstone.
Mr. Beach.	Mr. Fawcett.
Mr. Birley.	Lord Edmond Fitzmaurice.
Mr. Crawford.	Mr. Robert Fowler.
Mr. Cross.	Mr. Lyttelton.
Mr. Charles Dalrymple.	Mr. M'Clure.
Mr. Dickinson.	Mr. John Benjamin Smith.
Mr. Grant Duff.	Sir David Wedderburn.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. WILLIAM THOMAS THORNTON and Mr. JULAND DANVERS, recalled; and further Examined.

Mr. W. T. *Thornton* and Mr. J *Danvers.*

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2751. Mr. *Crawford* (to Mr. *Danvers*).] WITH regard to the questions which were put on the last occasion regarding the commencement of the contract system, can you explain to the Committee, in a few words, how the contracts assumed gradually the position which they at that time acquired?—The negotiations between the companies and the East India Company at that time were of considerable duration, and were commenced at a period when it was expected that money might be raised on very favourable terms; but the discussions and negotiations being prolonged for six years, the money market changed, and it became necessary from time to time to alter the terms that were at first proposed. I think originally it was suggested that the guarantee of interest for a certain number of years would be sufficient to induce capitalists to come forward in this country to advance money for railway purposes in India, and it was also thought that the simple guarantee of interest at 4 or 4½ per cent. per annum would be sufficient; but it proved to be insufficient, and at length the Government were obliged to extend the time from 20 years (which, I think, was what was first proposed) to 99 years, and also to provide other conditions which made the investment more favourable to the public. One part of the discussion which then arose had reference to the question of dividend or interest, the companies having apparently understood that they were to be guaranteed an absolute dividend upon the money which they advanced, the Government simply intending that it should be the guarantee of interest, and that the risk of loss in working a line should be incurred by those who embarked in the undertaking. Then the companies claimed, as a means of protection against the effects of such a contingency, that they should have power to surrender to the Government the railways which they might have constructed, receiving back the capital which they had expended upon them. This being conceded, the Government, in order to protect the public interests, required that they should have power to take possession of the lines in the event of the companies failing to construct them, or to work them properly. In fact, the arrangement took the shape of a compromise; and in this way some of the inconsistencies in the contract may be explained, and also some of the contradictions that were mentioned to the Committee on the last occasion. The grant of a lease for 99 years certainly appears inconsistent with the condition that the companies in the 98th year should have power to surrender the lines, and receive back their capital; but it should be borne in mind that the Government took power to purchase at the end of the first 25 or 50 years, so that practically the lease was terminable at those periods. It was quite possible that at the end of the 25th year, or at the end of the 50th year, it might not be expedient or advisable for the Government to purchase; for instance, a line might be producing 10 per cent., and the stock might be at 100 per cent. premium. In that case, it would be a question of doubtful policy whether the Government should purchase at that rate. It might be better to allow the companies to go on until the 99th year, when the Government might obtain the railway at 100 *l* instead of 200 *l*, as then they would pay back the capital without reference to the value of the railway. I mention this point just to explain how misconceptions may arise as to the full scope of the contracts; and with regard to the inconsistencies, it may be observed that in almost all documents of this kind, whether it be a treaty, or an Act of Parliament, or a deed, some flaw or another may be discovered.

2752. I want to ask you a few questions upon the correspondence or the papers relating to railway extensions in India which have been laid before Parliament; in a Despatch from the Government of India, dated the 22nd of March 1869, I find these words: "We feel that it is impossible to over-estimate the importance of maintaining the most careful watch over the details of the financial administration of these enormous transactions, in which the Government is far more directly interested than the ostensible owners of the railway are or are likely to be"; presuming the expression "ostensible owners" to

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to mean the proprietors who are, after all, the real owners, does not it appear to you that the proprietors of a railway have as large an interest in keeping down the capital expenditure as the Government, which has to guarantee the interest, can possibly have?—I have always looked upon railway money as public money certainly, and although the shareholders are greatly interested in keeping down the expenditure when there is a prospect of a surplus profit accruing, yet I think that the Government have the first interest in the financial success of the lines.

2753. But do you think that the fact of the guarantee is sufficient to destroy that incentive to economy which a railway company would have if it had no guarantee?—I certainly have not found it to be so in practice; I can quite understand the argument that it should have that effect; but I am bound to say that, in my experience at the railway boards, I have not observed such effect.

2754. That is to say, you find that the railway boards, on all occasions in dealing with the question of capital expenditure or working expenditure, are sufficiently alive to the interests of their proprietors in the matter?—They are quite alive to the interests of their proprietors, and I do not think, on the whole, unduly so.

2755. I mean in the direction of keeping down expenditure on those occasions?—Just so.

2756. In the same paragraph it is said: "In the economical construction or working of the lines which are not soon likely to pay more than 5 per cent., or in any mismanagement, which would still further reduce the net profits when they are below 5 per cent, the shareholders can have hardly any concern"; do you agree with that paragraph?—The meaning of it, I presume, is that the shareholders are sure of their 5 per cent., provided there is no loss entailed in working the railway.

2757. *Chairman.*] The meaning of that is, that if there is no prospect of getting more than 5 per cent; they have no interest in that half year in keeping down the expenditure?—I think that the Honourable Member for the City will understand me when I say that they are interested in working the railway economically, however unlikely it is to pay, so as to prevent its working at a loss.

2758. Mr. *Crawford.*] In the case of those companies which have earned more than 5 per cent., and notably in the case of the East Indian Railway Company, which has frequently paid more than 5 per cent. to the shareholders, is there not an evident interest on the part of the railway company to be careful in their expenditure, both on capital and in working the line, in order that their dividend may be larger than it would be if they were extravagant?—Yes, the object of that clause in the contract, which enables the company to earn higher profits than 5 per cent., was to offer an incentive to economy.

2759. And have you not found, practically, taking the case of that particular railway company, that there has been throughout an earnest desire to practise economy themselves in this country, and to enjoin economy in expenditure upon their agents in India?—Yes.

2760. To put it in another form of words, you have not found on their part any disposition to encourage extravagant expenditure with reference to the character of the works executed, or in any other way?—No, I think not at all; I must say, however, that generally speaking, I perceive there is a tendency, perhaps, to charge capital rather than revenue in doubtful cases.

2761. There may have been in some cases?—Yes

2762. Mr. *Fawcett.*] You say that there has been, as I understand you?—I say that there is a tendency.

2763. What do you mean by a tendency?—When there is a doubt as to which account an expenditure should be charged, the feeling is in favour of charging it to capital rather than to revenue.

2764. Mr. *Crawford.*] Has not the rule as to the account to which expenditure should be carried, whether to capital or whether to working expenses, been laid down under that instruction of the Secretary of State some years ago, to which reference was made on a former occasion?—Yes, general principles have been laid down; but even under those instructions doubts are left open which have to be settled.

2765. In the same paragraph it says: "The Government alone is seriously interested in securing economy in these cases, and the duty of seeing that this is accomplished is no less obvious than weighty; to expect substantial co-operation from the companies under such circumstances would be visionary, and the actual results seem to us to render discussion on this topic needless"?—I think that is carrying the argument too far.

2766. Again, let me ask you whether your experience leads you to say that the case is overstated there?—I think so, especially in the case of a company earning or likely to earn more than 5 per cent

2767. In another paragraph these words occur: "The practical effect of the guarantee clauses has been to render the companies quite irresponsible for wasteful expenditure;" is that your opinion?—No, I cannot say that I have found it to be the case.

2768. In a further portion of these Papers there is a Note, as it is termed, by Captain Williams of the Royal Engineers, and in one of the chapters of this Note are the words: "Hence so long as the works are under construction, and the general state of the money market keeps a guaranteed stock of this sort above par, there is a direct inducement to the railway board to spend as much money as possible on their works instead of the exact reverse;" now that is in the same direction as the observations of the Government Despatch which I read just now, but it is the opinion of one of the Government official engineers in India, and I will ask you whether you agree with that?—I do not think that there is ground for that argument.

2769. In a Minute by Mr. Laing, when he was the financial member of the Governor General of India's Council, there are these words: "Without imputing positive dishonesty, for which there is great scope, and of which I am led to believe, from many things I hear, there has been a great deal among the lower class of employés, the directors at home like the patronage of buying millions' worth of rails and rolling stock, and freighting thousands of tons of shipping." Will you be so kind as to explain to the Committee the manner in which these "millions' worth of rails and rolling stock," and these "thousands of tons of shipping" have been taken out from time to time by the railway companies?—The practice is to obtain competition by inviting

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for any material which they may require to send out to India. These tenders are received and opened at a board meeting, and carefully noted down and examined, and unless there is good cause to the contrary, the lowest tender is always accepted; but if the observation which has been read imputes anything like unworthy motives, or tends to insinuate anything of the kind, there is no ground whatever for that, as far as I have been able to see, and I have attended every board where these transactions have taken place.

2770. You are always present when the tenders are so received?—Yes.

2771. The tenders are always under seal, are they not?—Yes.

2772. They are always opened in your presence?—Yes.

2773. And the contents of the tenders are always recorded in your presence by some one of the directors of the company, are they not?—Yes, that is the practice.

2774. In one case which you and I are familiar with that has been done by the hand of the chairman himself, in a book kept for that purpose?—Yes.

2775. And there is always a record of the tenders which have been received, and the prices which the tenderers have put into their tenders?—Yes, we sometimes have had occasion to refer to it, and it is always ready for reference.

2776. Then you do not see that there is any patronage in the matter at all?—No patronage whatever, as regards the supply of materials; there may be patronage in selecting the engineers and others who go out; but that is a patronage which the directors have no interest in, because they treat it in the same way; they obtain the best men they can for the terms that they are allowed to offer, selecting them from a list recommended, in most cases, by their consulting engineer.

2777. But what I want you to state, if you are able to do so, is, that these proceedings, involving the outlay of a very large sum of money, are always conducted in your presence at the Board of Directors, publicly?—Yes, they are.

2778. In the same Minute of Mr. Laing it says: "But the company system is opposed to that of lump contracts. All the individual interests of directors, engineers, &c., are in favour of keeping the expenditure of the money in their own hands." What interpretation do you put upon that paragraph?—I really do not know what interpretation to put upon it. If it refers to Indian expenditure, there is no doubt that among the lower grades of society in India generally there may be ground for suspecting corrupt motives, and it is possible that Mr. Laing may think that certain underlings are interested in getting small contracts, and having to do work for which they could charge highly and unfairly.

2779. But Mr. Laing does not impute this to the underlings in the companies; he says, "The individual interests of the directors, engineers, &c., are in favour of keeping the expenditure of the money in their own hands;" now, if that contains an insinuation that the directors of these companies have made use of their position for their own private purposes, is there anything within your knowledge, from many years' experience of the directors of these companies, that could justify such a statement?—Well, I have sat now for eleven years at almost every board of these nine or ten companies, and I do not think that I have had the least ground for suspecting any individual director of anything like improper motives or feelings.

2780. *Chairman.*] Is it a fact that they do object to lump contracts when they can get them?—No.

2781. Mr. *Crawford.*] With reference to lump contracts, the East Indian Railway Company have, in comparatively recent years, entered into two separate contracts for the construction of what is called the Jubbulpore line and the Chord line, have they not?—Yes.

2782. Both of those were taken, I believe, by large responsible contractors in this country?—Yes, they were.

2783. I believe that in each case officers of the railway company were sent to England from India with information in their possession so as to enable the Board of Directors here in communication with you, as the official director, to arrive at an estimate of the lowest sum at which they could afford to do the work themselves?—Yes, that was done.

2784. And having arrived at that sum with a view of being themselves in a position to do the work for the company if exorbitant tenders were sent in, tenders were invited from the public?—Yes.

2785 And in both of those cases where hundreds of thousands of pounds were at stake, the contracts were given to large contractors in this country?—Yes, the whole thing having been well scrutinised by their consulting engineer in this country.

2786. *Chairman.*] Do you know, as a matter of fact, whether, in reference to the case of the Great Indian Peninsula Railway Company, the directors of the company always insisted upon conducting the work by lump contracts, but that it was the Government that was very much opposed to that system, and wished the railway to be constructed by what might be called small local contracts in detail?—I forget whether it was so exactly; there have been discussions I know on the subject.

2787. But do you recollect that the part taken by the company was to insist on the lump contracts, and that the Government, thinking that there had been so many failures by contractors under the lump contracts, considered that it might be better to construct the railways by detailed contracts?—No doubt the Great Indian Peninsula line has been constructed through the agency of large contractors, but I cannot recollect at this moment whether the Government objected

2788. Mr *Crawford.*] The other day a statement was made that one advantage of the contract system of the companies was, that the companies having bound themselves and their proprietors to pay very large sums of money to the Government, in times of commercial pressure, those calls could be made with tolerable certainty of their being met, and at a time when the Government itself was not able to raise money in the market upon equally advantageous terms?—Yes, that occurred once or twice.

2789. In that same Minute of Mr. Laing's are these words; speaking of some "real advantages" in the companies' system, he says: "The greatest is that where the money is raised in shares, with a proper deposit paid at first; you are safe of getting your money as you want it by making calls. But for this the Indian railways must

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must inevitably have been stopped on many occasions, from the sheer inability of the Government to find funds." Does your recollection accord with that?—I quite share that opinion, and my recollection bears it out.

2790. All the capital money that has been expended has been so expended with the sanction of the Government, has it not?—The capital that has been expended has been expended with the sanction of the Government.

2791. What rules are laid down with regard to the Government sanction of expenditure?—The principal rules relating to expenditure in India are these: "1st. All questions of general importance shall be referred to Government for decision." 2nd. Under the above will be included the general direction of all lines of railway, the position of stations, the general arrangements of the more important stations and works; but after the general sanction of the Government has been given to any project, all questions of detail may be disposed of within the limit of the original sanction by the consulting engineer," that is, the Government officer. "3rd. All matters of routine or payment, or acts in accordance with rule, precedent, or special agreement duly sanctioned, or undisputed contingent expenditure, may be dealt with by the consulting engineer, without reference to Government. 4th. All designs, estimates, and indents, whether for works or for establishments, for carrying into effect objects already generally sanctioned by Government, may also be disposed of finally by the consulting engineer. 5th. The consulting engineer may, without reference to Government, reduce the amounts of indents, or direct designs or proposed operations to be modified, if he thinks it necessary; but the agent, in such cases, if dissatisfied with the decision of the consulting engineer, may always request that the matter may be referred for the final orders of the Government. 6th. In all cases in which the consulting engineer has any doubt as to the decision to which he should come, the question should be referred to the Government for orders. 7th. When the sanction of the consulting engineer is given to any proposals of the agent, in which both of these officers concur, excepting in those matters of great importance specially excepted above, the sanction so given shall, so far as the Government is concerned, be considered final. 8th. The consulting engineer shall submit to the secretary of the Government a weekly schedule of his proceedings, in the usual form, in which shall be explained concisely the nature of all sanctions or directions given under the authority now granted to him." Those are the rules under which the control of the Government of India over these matters has been carried out.

2792. Could you refer the Committee to any document in which the manner in which the business of the boards in this country is carried on, and the duties of the agencies in India are performed is shown?—Perhaps I might be allowed to quote an account taken from one of my own reports. The passage occurs in that for 1866-7, para. 30: "While the chief executive and administrative work connected with these undertakings is performed in India, the supreme direction of affairs is vested in the boards in London, whose responsibilities and duties are important and multifarious. The boards consist of a chairman (with a deputy chairman and managing director in some cases), and directors, varying in number from six to 10, the Government director being *ex officio* member of each board. Committees, consisting of two, three, or four members, are generally formed, having special duties assigned to them connected with the Transfer, Finance, Audit, and Shipping Departments. In the case of each company the boards are so constituted as to contain the elements of Indian or local knowledge, as well as of experience in the different branches of business which necessarily come under the consideration of railway directors. It is to be hoped that the boards will always preserve this varied character, for thus composed they cannot fail to possess the confidence of the Government and of the public." Then, I say that the actual work performed by the boards cannot be better described "than by quoting" the account given by the Chairman of the East Indian Railway Company, Mr. R. W. Crawford, M.P., in a paper recently printed for Parliament, of the duties of his own board. The description applies equally to the other companies. That paper has been submitted to Parliament. I have an extract of it here, which I will read if it is the wish of the Committee: "The board hears read at its weekly meetings and disposes of, in the way of reply and otherwise, a constant and voluminous correspondence with the Secretary of State, the Board of Agency, and Chief Auditor of Calcutta, the shareholders, and the public generally. It considers and decides all questions affecting the policy of the company, and determines all matters relating to the raising of capital; it considers, also, with the consulting engineer, either personally or in correspondence, important questions daily arising connected with the supply of materials and stores for India, the selection of officers required to fill vacancies in the establishments abroad, and innumerable special references on matters within his department. It receives and considers the reports from its committees, examines the bills for goods supplied, approves the weekly schedule of applications to the Secretary of State for money to discharge the same, and generally transacts the current and special business of a board of directors of a public company. The board is advised by its consulting engineer as to all matters of an engineering character, and upon all questions relating to the purchase of, or contracting for, machinery, permanent way, stores, and goods of every kind. Purchases are decided, as an invariable rule, upon sealed tenders opened in the presence of the board. In the case of goods for which tenders have been invited by public advertisement (which, as a rule, is the principle acted upon), whilst the board reserves to itself the right to accept the tender best in its judgment for the interests of the company, the lowest tender is accepted unless the board is advised to the contrary, upon good and sufficient grounds, by the consulting engineer. In special cases, when, upon the advice of the consulting engineer, it is considered desirable to invite tenders from selected houses, the lowest tender conforming to specification is invariably accepted. All goods are contracted for under specification, and are carefully inspected during the process of manufacture, and the same care is observed in the packing of the goods for shipment. As a rule, payment is made on the certificate of the consulting engineer, and proof of due delivery at the company's wharf or on shipboard. All de-

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mands on the company, of every kind (excepting for petty cash disbursements), are submitted with vouchers, for the sanction of the board, and finally settled by cheques drawn against money sanctioned and issued for the special purpose by the Secretary of State, out of the funds of the company standing upon his account at the Bank of England." That is a very accurate description of what takes place.

2793. Do you find that the members of these boards take themselves, generally, considerable personal interest in the management of the business?—Yes.

2794. They are not very highly remunerated, I think?—That is a question of opinion.

2795. In the case of the East Indian Railway Company, consisting of, I think, 10 directors, I believe that the amount paid to them for their services, such as are described in the paragraph that you have read, is something less than 1,700 *l.* a year?—Yes, for the whole board.

2796. Do not you think generally, as a rule, that the motive of gentlemen seeking to get into these boards is a desire to take part in the carrying on of a large public concern of great interest, rather than to obtain any small individual benefit from it in the way of wages?—Well, I should think so; but I really am unable quite to say what their motives are.

2797. I think you said just now, that you had been an official director for about 11 years?—Yes.

2798. You are clothed with a power of an absolute veto, I believe, upon the proceedings of the companies at the boards?—Yes.

2799. How often have you exercised that power of veto?—I think only once; it does not follow from that that we never differ; but there is discussion, and, generally speaking, agreement follows.

2800. But does not that imply a desire on the part of the boards generally to accord with the views of the Government as expressed through you?—Yes, it may bear that interpretation.

2801. At all events, you have never found them desirous of taking a course so directly in opposition to the views of the Government that you have been obliged to interpose with your authority?—No; a great many of the questions which come before the board are questions on which I could not interfere, because they are questions laid before the boards by the Government for their opinion, and of course it is only fair that the boards should express their opinion to the Government when asked, whether I agree with them or not.

2802. (To Mr. *Thornton.*) You said, on the last occasion, in answer to the last question that was put, that you did not think there was one single question to which you would not have given a different answer from that which Mr. Danvers gave; is that to be taken without limitation?—That answer of mine does require limitation. A great number of Mr. Danvers's answers related to matters of fact; with regard to them I have nothing to say; but I do not think there was one answer of his expressing an opinion from which I should not dissent; certainly I should from a great number. In correcting my evidence I have taken the liberty to alter my answer in this way: "To very many of the questions I should have given different answers."

2803. Probably matters of opinion?—I have not said anything about that.

2804. Mr. *Fawcett* (to Mr. *Danvers*).] You have been official director of these companies about 10 years, have you not?—About 11 years.

2805. You were appointed in 1861, were you not?—I was.

2806. Then the opinions which you have expressed in answer to inquiries that have been put to you have been, I suppose, based upon your experience obtained as an official director?—Principally upon my experience gained as the official director, and partly also upon the experience gained before I held that appointment.

2807. What was the appointment that you held before?—I was secretary in the railway and telegraph department of the India Office.

2808. Still that would not give you the same opportunity of expressing opinions with reference to many points?—Certainly not with regard to the proceedings of the boards.

2809. Are you aware that Mr. Laing's Despatch, of which you have positively contradicted many statements, was written and referred to circumstances all of which occurred before you had that official experience which you say is necessary to enable one to express opinions on these matters?—I do not know the exact period to which it refers.

2810. Mr. Laing's Despatch was written in March 1861; that was a date previous to your appointment?—Yes.

2811. And his statements as to management and contracts referred to a period of which you could not speak with experience as an official director?—Not, of course, with the actual experience of an official director, but I was in constant communication with my predecessor, Sir James Melvill, whose deputy I was, and I think I knew everything of importance that passed at the boards.

2812. But when you were secretary you had not the same opportunities, had you, of obtaining information in regard to these points of contracts and management?—Yes, I think so; I had not the same opportunity, of course, as regards the proceedings of the boards themselves, and the conduct of directors, and so forth, but as regards railway proceedings generally, I think I had.

2813. But then Mr. Laing's statement referred in great measure to the proceedings of the boards and the conduct of the directors, did it not?—So it appeared.

2814. And you, at that time, had no opportunity of directly judging?—Not so directly as if I were official director, but indirectly; I do not think that anything of importance passed at the board that Sir James Melvill did not mention to me.

2815. Have you expressed the opinions which you hold as to the advantage of the guarantee system repeatedly to the Secretary of State, in Minutes?—I have not disguised my opinion that the guarantee system has been of great service; and I likewise have not disguised my opinion that the time has come for altering it.

2816. But from the quotations that have been read to you from the Minutes of the Government of India, and other documents, you must be aware that your opinions are shared in by very few of the officials connected with India?—I do not know what opinions you refer to.

2817. What I understood took place was this: quotations were read to you from a Despatch coming from the Government of India, and to every one of those statements you gave a very positive contradiction, expressing the most contrary opinions to those contained in those statements?—I think the opinions that were quoted were

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were extracts from papers containing minutes of the individual members of the Government of India, and certainly the points that the honourable Member for the City brought to my notice just now were points on which I could not entertain the same view as the writer. For instance, with regard to the feelings that actuated boards of directors in this country, having been present at almost every board, I was able to judge, as far as my capacity went, of the motives that influenced the members of those boards; and I certainly could not agree in the insinuations thrown out in the above-mentioned extracts.

2818. *Chairman.*] As a matter of fact, Mr. Laing had no opportunity of acquiring any information on the subject personally, had he?—No personal opportunity that I know of.

2819. Mr. *Fawcett.*] I am not referring to Mr. Laing; there was a difference of opinion between you and the Government of India on every extract that was read; not Mr. Laing, but the Governor General in Council?—I think each of the extracts that the honourable Member for the City quoted contained opinions which I did differ from.

2820. Are you aware whether the majority of officials who have been connected with these railway works share your opinions, or those of the Government of India?—I am not able to say; many that I do know share my opinions, and some do not.

2821. Was any answer given to that Despatch from the Government of India?—Yes.

2822. Did the Secretary of State in Council for India answer it?—Mr. Laing's Minute was not a Despatch; it formed part of a number of papers which accompanied the Despatch; I do not think the opinions expressed by Mr. Laing were even shared in by the Government of India, at any rate, not expressed in the Despatch; but I have not had an opportunity of reading it lately, and I feel hardly competent to go into the contents of those papers at this moment.

2823. Still, you did not state that reservation when you gave a very authoritative contradiction to the extracts read?—Because simple extracts were read, and expressions of opinion brought forward, on which I was able to express an opinion.

2824. You said, did you not, that you have never but once exercised the power of veto with which you are armed?—Yes.

2825. On what question was that?—It was upon the appointment of an officer by one of the boards; I thought that a more competent man might be appointed, and therefore I vetoed the appointment.

2826. Suppose a company proposed to carry out an unproductive branch, with whom does it lie, whose duty is it to forbid it from throwing a burden on the revenues of India; is it yours?—No; it devolves on the Government of India or the Secretary of State; the Secretary of State would be the person finally to decide it.

2827. Are you responsible for bringing it before him as official director?—No, I am not.

2828. Then the person who has to decide as to important questions of policy is not at the board meetings?—No.

2829. Do you think that can give any accurate security for care being taken whether unproductive works should be carried out or not?—I am afraid that I must have made myself misunderstood. When I said that the boards have nothing to do with the policy of extending railways, I did not mean to imply that a railway board has not a right to suggest any extension or any branch which it considered may conduce to the interests of its particular undertaking. Of course it would be responsible for any opinion which it might express in favour of it, but the final decision of the policy of carrying out such a work would depend upon the Secretary of State.

2830. But is it not one of the most important questions (of far greater importance than mere questions of detail about the appointment of an officer) which a board of directors can have to consider, whether a certain extension of the line, or a certain branch of the undertaking, shall be carried out?—It is a very important question, and more important than the other you refer to.

2831. I understand, then, that you, representing the Government on the board, have no voice in deciding whether that extension should take place or not?—No, I have no voice in the decision.

2832. Therefore the decision ultimately rests with those who have not heard the discussion of the directors?—They may not have heard their discussion, but they have the opportunity of reading the representations made by the directors on the subject, and of obtaining my report on it after discussion at the board.

2833. Have you ever, since you have been official director, having enjoyed the advantages of hearing the discussions on the boards, represented to the Secretary of State for India in Council that it would be disadvantageous to carry out proposed extensions?—I am continually taking advantage of what I hear and learn at the boards in my communications with the authorities at the India Office.

2834. Can you point me to any case in which you pointed out to the Secretary of State for India in Council that some extension which the company proposed would be a heavy burden on the finances of India, and stopped it?—No; I do not think I can recollect any case of that kind; but I have sometimes recommended or suggested to the Secretary of State a policy which might not always be acceptable to the boards, or which might not agree with the views that they expressed. Sometimes I have been obliged to differ from them, and although in a position to exercise the right of veto, I have at the same time felt it my duty, while expressing my own opinions to the Secretary of State, to allow the representations of the directors to be submitted to him when the matter came before him for his decision.

2835. No doubt you have expressed difference of opinion on many points that come before the railway directors, but I am anxious to get a specific answer to this question; have you ever pointed out to the Secretary of State for India that a certain branch or extension ought not to be carried out because it would entail a burden on the finances of India, and if you had done so, would you name the particular branch or extension?—I cannot recollect such a case. I should say no; but one of the kind, only the other way, occurred not long ago The Bombay and Baroda board suggested an extension of their line, which I was able to support because I thought it desirable, and I consequently expressed my opinion to the Secretary of State when it came before him for decision. If I had thought differently I should have so expressed myself to the Secretary of State.

2836. When

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2836. When was it decided to extend the Jubbulpore branch of the East Indian Railway?—I forget the exact date, but it must be more than 10 years ago, I think.

2837. We will assume that it is more than 10 years ago; assuming that, what has taken place is this; here was an instance of an expenditure of 3,000,000 being sanctioned; on that expenditure there has never yet been a return of 1 per cent, and in one half-year the line did not pay its working expenses, and yet no representation whatever was made to the Secretary of State for India in Council, that that line probably would not pay?—There were two objects, I think, in proposing that line, one being a political one, with a view to complete the railway communication across the Peninsula from Bombay to Calcutta; any system would have been very incomplete without such a line, and it was included in Lord Dalhousie's original scheme. The other object was a commercial one, and most likely the proposers of the line thought that it would pay, and it does not follow because it has hitherto earned little that it will not ultimately pay, but no doubt the results till now have been very disappointing; for some three or four years, I think, it simply ended at Jubbulpore, and formed no part of the complete communication between Bombay and Calcutta; of course it was worked then under very disadvantageous circumstances.

2838. Mr. *Crawford.*] There is a Report, I think, in this country from Mr. Carnac, the Cotton Commissioner in India, upon the interchange of traffic upon the East Indian Railway and the Great Indian Peninsula Railway and Jubbulpore?—Yes, there is.

2839. And, I think, in that Report he goes very fully into the relations of the two companies with each other, in reference to the goods which are now being begun to be carried from one part of India to the other by means of this railway, for which there was no communication but the ordinary rough communication before?—Yes; he makes some very interesting remarks.

2840. Have you a copy of that in the India Office that you could produce?—No doubt.

2841. It is hardly correct, I think, to call the Jubbulpore line a branch, is it?—No.

2842. It was, as you said correctly just now, one of the main features in Lord Dalhousie's proposals?—Yes.

2843. And the East Indian Railway Company hardly thought proper to make it themselves as a part of their system, but they were invited by the Indian Government to undertake the construction of it as a part of their system, were they not?—Yes.

2844. And the East Indian Railway Company thought so indifferently of its success that they would not allow it to become a part of their main line system, so that if there should be a loss upon the Jubbulpore part of the line it should not affect their receipts upon the main line?—It was no doubt that apprehension that led them to strive to keep it separate.

2845. I think we may say, then, that the East Indian Railway Company did not seek to make that line as a part of their system, so much as they were requested by the Government to undertake it in order to effect the communication between Central India and Bombay?—Yes; it was a part of the general scheme which the East Indian Railway undertook, I will not say in deference to the wishes of the Government, but in accordance with the wishes of the Government.

2846-7. Mr. *Fawcett.*] How many miles of railway and what expenditure have been sanctioned for railway works since you have been official director; you say that all the expenditure that has been incurred on these railways must have obtained the sanction of the Government, that is a very vague answer, is it not?—That is the rule.

2848. But, then, does it not make a most important difference whether the sanction is obtained before the money has been expended or after it has been expended?—A very great difference.

2849. And is not this the case with regard to the great portion of the expenditure, that the sanction has been obtained after the expenditure has been incurred?—No; the right to expend money is always given by Government before that right is exercised.

2850. But has it not repeatedly occurred that money has been spent for which no direct sanction has been obtained, and the sanction has been given afterwards?—No; I should say there are not many cases of that kind.

2851. Will you turn your attention to the evidence which was given, which seems to me to bear on this point, at the last meeting of the Committee, by Colonel Chesney?—I have not seen it.

2852. You would admit that Colonel Chesney, as being Railway Auditor of Accounts in India, is one of the highest authorities on this subject?—Certainly.

2853. Are you aware that he said that there was an amount of no less than four millions, with regard to the East Indian Railway, which virtually had been spent without obtaining sanction?—No; I was not aware that he had expressed himself in that way.

2854. Mr. *Crawford.*] Is it the fact?—I am surprised to hear that he said so; and I cannot understand it, unless he refers to unaudited accounts.

2854* *Chairman.*] His view was, that all the advances made to the officers in India to carry on the works were in the nature of advances, to be accounted for on the responsibility of the companies, and inasmuch as the vouchers for those had not been satisfactorily audited, that the expenditure was not sanctioned; the railway company, I presume, contended that as it was advanced by the sanction of the Government, to carry on works approved of between them and the Government, that was a sufficient voucher, and the dispute was disposed of by the Government recognising the view that an advance made to an executive person to pay wages, with their sanction to carry on works which they had sanctioned was *quoad* the capital account, sanctioned and vouched?—Yes. I was going to say it is impossible to sanction every little expenditure before it is incurred; but the rule is to sanction work and to advance money for the execution of that work, and then to take care that the money is properly applied.

2855. Mr. *Fawcett.*] Do you agree with the opinion expressed by Colonel Chesney that the accounts of the East Indian Railway Company have been kept with great irregularity?—Well, complaints were made, certainly, of the way in which those accounts were kept, and a better system has recently been adopted.

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2856. Then what Colonel Chesney says is correct on that point; they have been kept with great irregularity if complaints have been made and the thing has been altered?—He is a much better authority than I am on that point.

2857. Mr. *Crawford.*] What do you understand by the word "irregularity"?—Well, I should say confusion of accounts, at least it might bear that interpretation, but I do not think that there has been that; I have not seen the evidence of Colonel Chesney, and therefore I do not know exactly to what extent it went, but he probably alludes to the length of time that has elapsed before rendering accounts after they have been incurred; to the delay, in fact, in auditing accounts.

2858. Mr. *Fawcett.*] But on this point any one would be correct in saying that considering the particular position which Colonel Chesney has held, if Colonel Chesney stated that the accounts of the East Indian Railway had been kept with great irregularity, his would be considered the highest authority that could be quoted?—I certainly should attach the greatest authority to any evidence that he might give on that subject, he having been Accountant General in the Railway department.

2859. You have, I think, repeatedly said in your evidence that the Government would have great difficulty in raising money at 5 per cent.; how often has it happened that they have had difficulty in raising money at 5 per cent.?—I do not recollect expressing that opinion.

2860. If they would not have had difficulty in raising money at 5 per cent., how could they possibly have found difficulty in raising money of their own to carry out railways if they had desired to do so?—I do not think they would have found such difficulty.

2861. How often has it happened that Government could not, upon the security of the revenues of India, raise money at 5 per cent.?—I should think very seldom; but we were alluding to a period some years ago, and I think that 25 years ago the East India Company would never have been allowed by Parliament, or by the Government of the day, to enter into transactions which would have made it necessary for them to raise 50, 60, or 70 millions of money; it was through the instrumentality of the companies that the supply of such money was insured; and by no other means, I think, would it have been insured at that time.

2862. Your answer means, does it not, in effect, that throughout this period, when the Government has been guaranteeing 5 per cent., they have been really making a very valuable present, out of the revenues of the Indian people, to these railway directors and railway shareholders?—Not altogether that, because you must take other terms of the contract in connection with the guarantee.

2863. But the other terms of the contract are entirely unfavourable, are they not, to India, and favourable to the railway directors and shareholders?—I think not; take, for instance, the clause which enables the Government, in paying off the capital, to convert it into an annuity; that amounts practically, at this moment, to the Government giving simply a terminable annuity to those who may now take shares.

2864. But an annuity at what rate?—At a rate to be determined on hereafter by the circumstances specified in the contracts.

2865. But at the market price?—Yes.

2866. Then that is no disadvantage, is it?—It may or may not be. At the present time it would be a disadvantage, certainly, and a favourable operation for the Government.

2867. *Chairman.*] Practically, they have the option either to pay the whole capital in cash, or to pay an annuity?—Yes.

2868. Therefore the language as to the annuity being admitted to be extremely obscure and almost unintelligible, the only alternative is to pay in cash?—I do not think so.

2869. Mr. *Cartwright.*] Is not the meaning this, that the annuity should be at such a price as would enable the person to whom it was given to obtain the same cash for it by sale as he would have got if they had paid him in cash?—Yes; but the Government would gain if the rate of interest was favourable to the Government, as it would be now.

2870. Mr. *Fawcett.*] Just look at the transaction from this point of view: persons, if they advance money to these railways, are secured more than the current rate of interest, are they not?—For a certain time.

2871. And however ruinous the speculation may be, it can be thrown upon the hands of the Government at any moment, can it not, at par?—If the company surrenders the line, or if the Government take possession in consequence of default on the part of the company, then the shareholders are repaid the amount of capital that has been expended with the sanction of the Government; but if the Government purchase at the end of the 25 or 50 years, then the purchase-money is regulated by the price of the stock at the time.

2872. But then if the Government takes the purchase, suppose the line should go up to a premium, then the Government has to pay whatever the premium is?—It has to pay upon the average price of the stock for the three preceding years.

2873. Therefore, bearing all this in mind, although you have described the nature of the transition as a compromise, do not you think that it is one of those compromises which illustrate the old adage, "Heads I win, tails you lose"?—I cannot say that.

2874. In what single respect is the Government of India placed in a favourable position?—It has been enabled by this means, and I think it would have been enabled by no other means, to establish an important system of railways in India.

2875. But that is not the point; I mean, looking constantly at the pecuniary transition between two individuals; suppose two individuals made a contract of this kind; supposing you represent the Indian Government to be A., and the railway directors to be B., should you not say that in every single respect B. had got the best of A.?—No doubt it is a most beneficial investment for capitalists; I do no not deny that for a moment, and it was necessary to make it so, otherwise the money would not have been obtained.

2876. Mr. *Beach.*] You said that no veto was put by the Government upon making new lines; has it been necessary for the Government to encourage the company to make new lines which they would have been unwilling to have made otherwise?—Well, in the case of the Jubbulpore portion of the East Indian line, which we were just

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just mentioning, there is no doubt that the Government did give in to the company in order that they might be induced to undertake that line.

2877. But in other cases has there been a tendency in that direction?—No, I think companies have been very ready to undertake extensions suggested to them.

2878. There is an interest on the part of the directors to secure the good working of the line in order to obtain some interest beyond what is guaranteed, is there not?—Yes.

2879. And it was said that if in one particular half year there was no prospect of getting an increased rate of interest they would not have the same reason for practising economy; but would they not have this reason, that the same state of things which they introduced would have a tendency to produce an increased rate of interest on future half years?—Yes.

2880. The directors of these railways have the same sort of work that the directors on English railways have, have they not?—Something of the same kind, of course, but it varies, inasmuch as they have not the line to manage or to look after in detail.

2881. But they have a great deal of work devolving on them?—Yes, there is a considerable amount of labour.

2882. And the rate of pay they receive is less than what is received by directors of the English railways, is it not?—That I do not know; I am not a member of any other railway board; I do not know what the usual payment to English directors is.

2883. *Chairman.*] These directors have not to administer the working of the line?—No, not the working of it.

2884. Mr. *Dickinson.*] As regards the railway communication in connection with the company lines, or the Government lines, through independent States, has any principle been laid down to regulate that intercourse?—Yes; rules have been laid down for the observance of officers employed in such works through native States.

2885. Have any principles been laid down by which the working of lines in native States is to be carried out?—I am not aware that that has been done.

2886. Have the private railway companies been at all consulted as regards any system by which the traffic could be carried on through their lines to native lines?—I do not think that the question has been discussed yet.

2887. But lines are being made now in native States in connection with the existing lines?—Yes, but they are not finished yet.

2888. No principle has been laid down on that subject?—Not that I am aware of; but Mr. Thornton would be able to answer that question better. (Mr. *Thornton.*) I think this is what I should say: certain principles have been laid down by the Government relative to the construction of railways, either by the Indian Government or by English companies, through native territories, but the object of such rules as have been laid down has been to protect the interests of the native States, to prevent any interference with them. I recollect something of that kind being done some two or three years ago. But with reference to the other part of the question, whether any rules have been laid down with reference to the mode in which the companies' railways and native railways should carry on the traffic, I do not think that question has been raised. Perhaps it would be premature to raise it, because, as Mr. Danvers says, none of these lines have been made. I imagine that the principle will be very much the same as that which governs the connection between State railways and companies' railways. For example, there have been two small railways made by the State as feeders to the Great Indian Peninsula line; the Government made them first, and then negotiated with the Great Indian Peninsula Company in what way they should be worked.

2889. Mr. *J. B. Smith* (to Mr. *Danvers*).] Have not the railway companies made arrangement with the Government to adopt 1*s.* 10*d.* as the price of a rupee?—Yes, that rate was fixed by the earlier contracts.

2890. Do you consider that an advantageous arrangement?—It has turned out to be disadvantageous hitherto, but at the time it was thought that that rate would prevail.

2891. Has the rate of 1*s.* 10*d.* ever been current from the time when the first railway was made to the present time?—I think it continued so for two or three years. I am not sure.

2892. Was not 1*s.* 10½*d.* the very lowest rate, and that was in the year 1849-50?—1 *s.* 10 *d.* was the rate at that time adopted for the settlement of transactions between the East India Company and Her Majesty's Government.

2893. What is the amount of loss upon that arrangement which falls on the Government?—If you take 2*s.* as the normal rate, and compare it with the 1*s.* 10*d.* rate, the loss would have been three millions; but taking the difference between the 1*s.* 10*d.* and the actual rate obtained for bills on India, it would not have been quite so much.

2894. But very nearly?—Very nearly.

2895. That is to say, in addition to all the losses upon the railways, you have lost already three millions upon the rate of exchange?—Three millions has been contributed by the Government in that way to the construction of railways. It can hardly be called loss.

2896. Is that loss going on still?—It goes on still with reference to those companies where 1*s.* 10*d.* is the fixed rate; latterly, of course, the rate has been altered.

2897. The rate at present being 1*s.* 11*d.* or 1*s.* 11½*d.*?—The rate in recent contracts is 2 *s.*

2898. *Chairman.*] You only account for the net profits, at the same rate of 1*s.* 10*d.*?—Yes.

2899. Mr. *J. B. Smith.*] Do you know who suggested this system of 1 *s.* 10 *d.*, or who is accountable for it?—No, I cannot say.

2900. *Chairman.*] It was based on the rates current at the time?—Yes.

2901. And based also upon a consideration of the bullion exchange and the relative value of the rupee?—Yes; I fancy the par value of the rupee is a little under 1 *s.* 10 *d.*

2902. But then the rate of exchange has been influenced by these railway operations, for which the Government have had very large sums placed to their credit in London?—Yes, that must not be lost sight of in calculating any loss. Of course the large sums that the Government received in this country from the companies made it less necessary for them to draw upon India, and the rate improved in consequence, so that the Government got some gain in that way; but if it had been possible to foresee events, the rate would not have been fixed as it was

2903. Sir *D. Wedderburn.*] You said the other day, Mr. W. T. *Thornton* and Mr. J. *Danvers*.

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day, that the bridge over the Soane had been constructed several years, and had not shown, you believed, up to the present time, the slightest effect of any kind whatever. Now I should like to know if that is strictly correct, because I recollect that at one time there was great apprehension that the Soane was going to do what the rivers in India are rather apt to do, namely, to change its course altogether and leave the bridge high and dry?—I do not recollect that. Some defensive works were, I believe, put up in the river to prevent any possibility of injury to the bridge.

2904. It was not injury to the bridge that I alluded to, but a fear that the river would leave the bridge and take a new course; that has not been the case I know, but that was feared?—That has been the case with some rivers in India; I do not think it was so with regard to the Soane, the banks of which are very steep at the site of the bridge.

2905. With regard to the construction of the Chord line, was not one reason for its construction that a part of that line as far as Raneegunge was open actually before the main line was constructed?—Yes; no doubt that fact influenced the Government when they sanctioned it.

2906. I find in the list of railways one railway only which is styled unguaranteed, a small line from Nulhutee to Moorshedabad?—Yes.

2907. I should like to know on what terms that railway has been constructed?—It was constructed under a subsidy from the Government. I think in one of my reports I gave the terms, but I do not at this moment recollect precisely what they were; recently the Government have purchased it for 30,000 *l.*

2908. Mr. *Grant Duff*.] You made some observations the other day, which I think you are rather anxious to modify or correct, about the ignorance of Government officers on railway matters?—Yes; I did not at all mean for a moment to say that the officers of the Engineers in India at that time were ignorant of their profession; I merely meant to say that they shared with others, with everybody else in fact, inexperience with regard to railways in India; it was a most useful combination, in my opinion, officers of the Government being connected with civil engineers from this country, and if I said anything to imply that they showed ignorance of their professional duties it was entirely contrary to my intention.

2909. *Chairman*.] They were inexperienced about railways?—They were inexperienced about railways, but they had experience of public works, and were men of the highest ability, as their subsequent career has shown.

2910. Their experience does not seem to have assisted very much in the construction of permanent works on the Great Indian Peninsula Line?—The state of those works arose, I am afraid, from great carelessness in the supervision as to the materials used.

2911. Do you recollect anything in the history of the Bombay, Baroda, and Central India Railway, with reference to an opinion put to you, that Colonel Kennedy, who was the author of that line, had been the adviser of Lord Dalhousie?—I recollect the proposal being made for constructing that line.

2912. By him?—By him.

2913. Do you recollect that it was one of his great reasons for proceeding with it, that the Great Indian Peninsula Railway Company had constructed its line by what are called lump contracts, and that it was very desirable that a railway should be constructed by the railway company itself without lump contracts, and that he would construct his line very much more economically upon that system, and that he persuaded the Government to sanction the construction of the Bombay, Baroda, and Central India Railway upon that principle, as opposed to the proceedings of some of the other companies?—Colonel Kennedy was always strongly in favour of what was called the departmental system in constructing lines, but I am not sure that that was the reason advanced for that undertaking.

2914. Do you recollect his urging upon the Government that it could be done so much more economically in that way?—Yes.

2915. And do you know whether, as a matter of fact, the Bombay, Baroda, and Central India Line has turned out to be one of the most costly lines constructed in India?—Yes.

2916. And it was worked out upon what is called the departmental and detailed system?—Yes.

2917. That was a view taken by him as, so to speak, a military engineer, and opposed to this commercial system?—Yes. Yet in some parts of India, Madras for instance, that system has answered, because there is a class of small native contractors there who can do such work well and moderately.

2918. Do you know whether any principal station has yet been made to the Bombay, Baroda, and Central Indian Line at Bombay?—No; the terminal station has not been completed yet.

2919. How many years have they been engaged in this work; when did it begin?—The cutting of the first sod took place in May 1856.

2920. And they have not yet made their principal terminal station?—No.

2921. Can you explain what that is due to?—There have been great difficulties in fixing upon a site that was considered suitable.

2922. It would seem then that the system of double administration by the Government and a railway company leads to considerable delay in the solution of questions which ought to be settled at a very early period?—As regards some questions it is so, certainly.

2923. I suppose, as far as you can judge from English railways, they settle where their terminus is to be at the commencement of the line, and go on with the terminal station equally with the rest of the works?—Undoubtedly; there has always been a terminus, of course, at Bombay since the line was taken there, but not a proper terminal station. The line was originally commenced at Surat, and not connected with Bombay for some years after.

2924. In 16 years, under this double system, they have never been able to agree as to where this station is to be?—But it is an exceptional case.

2925. There is considerable difficulty, is there not, in working the Great Indian Peninsula railway traffic over the ghâts?—Yes.

2926. And the railway has been constructed over the ghâts for a great many years, has it not?—Yes.

2927. And it is about 20 years since the undertaking commenced?—Yes.

2928. Do you know whether the railway company

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pany and the Government have yet discovered and agreed on the proper mode of working the traffic over the ghâts?—Well, they have agreed, but there have been changes in consequence of fresh inventions with regard to break power.

2929. At present they have not arrived at any decision as to the most economical way of working that traffic?—They keep on hoping that a more economical system will be discovered.

2930. Do you know how many years ago it was that the Government and the company agreed where the terminal station should be?—I do not know exactly.

2931. Is it more than 10?—A great many years ago.

2932. Have they agreed as to the site?—Yes, but the building is not up.

2933. Do you think, if we were to go through the operations of these railway companies, we should find that the result of this double system of the Government and of engineers has been that there has been very great delay, attended with enormous loss to the public, in the operations of the railway companies?—No doubt; one of the great objections to the system is the divided responsibility, and the delay which it produces.

2934. Do you think it is also a result of this system, that the local Governments, when appealed to, give an assent to propositions without much reflection, because they are to be considered by the railway companies, and that when they come to be considered by the railway company, the railway company gives an assent to the propositions because the Government has assented to them; so that, practically, nobody thinks much about it?—No; I cannot say that I have found that to be the case; I think that each gives a conscientious consideration to the questions brought before them.

2935. Do not you think that the consideration is very much weakened by the fact that the other party has to consider it?—It may with some minds have that effect.

2936. And, with reference to the engineers, may it not be that if the Government engineer has to assent, there is a less sense of responsibility; that the Government engineer assents because the engineer of the company does?—It is quite possible. Anything that dilutes responsibility is a mistake, I think.

2937. Is it not, practically, very much the case that there is this oscillation from one to the other?—Fixing responsibility is more likely to conduce to success, I think.

2938. Is it not practically the case that the local Government in India consents to a proposition subject to the approval of it by the directors in London?—I think they are generally decided in their own opinions.

2939. Then, if so, does it not follow that the directors, finding that the Government have determined the question, consider it the best thing to agree to it, as a matter of course?—No; I do not know that they do so merely because the Government has expressed an opinion on it.

2940. I think you have explained that there is a committee of the Council in the India Office to manage railway affairs?—Yes.

2941. In point of fact, there are two boards of directors, one in the Council of the India Office and one belonging to the company, in London?—Yes, in that sense; one supervises generally what the other does.

2942. Then, supposing the Council had contained the element of commercial men and men of general business experience, they would have been as well qualified, would they not, to direct the railway affairs as the boards of directors are?—I think that the Council, with proper advisers, are perfectly competent to conduct the business in this country connected with railway operations in India.

2943. But there are not in the Council at present, are there, any gentlemen but those whose experience in such matters has been of a limited character in India?—I think that the railway committee at the India Office now is very well qualified to consider railway questions.

2944. Are any of those gentlemen who have had experience in the administration of railways in England or India?—The chairman of that committee, Sir Frederick Halliday, was Lieutenant Governor of Bengal, and he, of course, then administered railway, as well as other affairs in India. Sir Bartle Frere, formerly Governor of Bombay, who in that capacity became thoroughly acquainted with the railway system of Western India, is also a member of the committee; then there is Mr. Arbuthnot, who was connected with commercial affairs since he left the Madras Civil Service; and Sir William Baker, who is a distinguished officer of Engineers, and was engaged in railway operations in India; then there is Sir Henry Maine, who is an eminent jurist, and is a useful authority on many questions that arise; and this very day Sir Louis Mallet, who is conversant with questions of trade and economic science, has joined the committee.

2945. In what way has he acquired commercial experience?—I believe that he gained commercial experience at the Board of Trade.

2946. Mr. *Fawcett* (to Mr. *Thornton*.) You stated, on the last occasion, after listening to Mr. Danvers's evidence, that, as a general rule, you differed from him entirely with regard to all the opinions that he expressed?—I did as to those which he gave in answer to the questions of the Honourable Member for London.

2947. Perhaps it would be the most convenient course if you stated the more important points on which you differ from him, or shall I state them?—I have them here, as you asked me to look through the evidence. I should like also to supplement the answers which I gave on a previous occasion with regard to the contracts, but that can be done hereafter, I presume. Mr. Danvers's examination, or that part of it to which I am going to refer, commenced with his quotation of Lord Dalhousie's opinion in regard to the system of guarantee, in answer to Question 2060. That opinion must be regarded as a sort of prophecy on the part of Lord Dalhousie, and it would be sufficient with regard to that, to compare it with the results, and to show that the prophecy has been falsified. At the same time there are one or two things which almost beforehand might have carried their own refutation with them. For example, towards the latter part he says: "I hold that the creation of great public works which, although they serve important purposes of State, are mainly intended to be used in those multifarious operations which the enterprise, the trade, and the interests of the community for ever keep in motion, is no part of the proper business of a Government. The conduct of an enterprise which is undertaken mainly for commercial purposes, and which private parties are willing to engage for, does not fall within the proper functions

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tions of any Government. Least of all should it be taken as any part of the business of the Government of India. One of the greatest drawbacks to the advance of this country in material prosperity has been the total dependence upon the Government in which the community has placed itself, and its apparent utter helplessness to do anything for itself." Now one thing which this quotation implies is, not only that it is no part of the proper business of Government to undertake great public works which are mainly intended to be used in operations connected with enterprise, trade, and so on, but that it is desirable that those public works should be undertaken by private individuals or private associations; and I think that that is a proposition which carries upon its face its own refutation, inasmuch as there is no obvious propriety in private profit being made out of great public works. It seems to me that the fact of their being great public works is a reason why private profit should not be made out of them if it is possible to avoid it, and that, inasmuch as private individuals never undertake these public works except for the purpose of making profit out of them, it is not desirable that their agency should be employed. The important thing is, that the public should have the use of public works on the lowest possible terms, and they will not have them on the lowest possible terms, if private individuals are to charge an extra price for their own remuneration. Then, after quoting this opinion of Lord Dalhousie, Mr. Danvers was asked whether Lord Mayo had recorded any opinion on the subject, and the Honourable Member for the City, in pressing that question, observed that "Lord Mayo does not seem to have concurred in the opinion which has been expressed in this room, that mismanagement and extravagance have characterised the operations of the railways in India;" to which Mr. Danvers replied: "No, he does not; but he certainly alludes to the great cost of existing lines as a reason for altering the system." When Mr. Danvers made that remark he overlooked a passage in the despatch from which he had been previously quoting. In a despatch from Lord Mayo, and the other members in the Indian Government, dated the 11th March, 1869, he says, speaking of the general subject: "On this important question we cannot do better than follow the general scope of Sir John Lawrence's argument;" and then he quotes the following words from Sir John Lawrence: "The history of the actual operations of railway companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that system."

2948. Mr. *Crawford.*] What are you quoting from?—This is a letter from Lord Mayo and the Government of India, dated the 11th of March 1869, and addressed to the Duke of Argyll.

2949. *Chairman.*] How does he explain the fact that local Governments and local authorities have agreed in and approved of both beforehand and subsequently, this mismanagement?—Might I keep to the particular point, which is, whether Lord Mayo expresses an opinion as to the management of the railways?

2950. How did he make out that it was not an equal amount of mismanagement on the part of the Government?—Supposing that he had admitted that the Government had participated in this mismanagement, still the point on which I am now dwelling, namely, that he did find great fault with the railway companies, is proved by the passage I am giving. There is a very great deal more, but I think I need not quote more. After quoting these lines from Sir John Lawrence, he says: "We assent to these views and to the arguments on which they are based."

2951. Mr. *Fawcett.*] I suppose by "we," he means the Council in India?—They all sign it. The signers of this despatch are Lord Mayo, W. H. Mansfield (the present Lord Sandhurst), G. N. Taylor, H. M. Durand, H. S. Maine, John Strachey, R. Temple. Then, with reference to the great cost of the East Indian Railway, the honourable Member for the City asked Mr. Danvers whether he was aware that the cost of the line had been greatly enhanced owing to losses which had occurred during the Mutiny, which were estimated at between two and three millions of money. It stands thus in the evidence. Question 2066 is as follows: "Upon the question of the cost, was there not an estimate made after the Mutiny of the effect produced upon the whole cost of the construction of the East Indian line by the Mutiny?" To which Mr. Danvers replied, "Yes; some calculations were made, and I think it was estimated that something between two millions and three millions of money had been lost in consequence of the Mutiny.". Then the honourable Member for the City further referred to a quantity of materials, valued by Mr. Danvers at something like 500,000 *l.* or 600,000 *l.*, which were thrown into the Ganges; and the plain object of referring to these items of expenditure was to account in a great measure for the very great cost of the East Indian line. But it is important to show to what extent the expensiveness of the East Indian line would be affected by these considerations. Supposing we take the words "between two and three millions" to mean two and a half millions, and add to that half a million for the materials, then we shall have the aggregate amount of these items. (Mr. *Danvers.*) I intended that the two and a half millions should include everything in the way of loss entailed upon the company in consequence of the Mutiny.

2952. Mr. *Crawford.*] You mean that if the Mutiny had not occurred the railway would probably have been constructed for a less sum by the amount of about two and a half millions?—Yes; works were suspended and a number of things happened which added to the cost.

2953. The question was critically examined and looked into in India?—Yes. (Mr. *Thornton.*) However, the smaller the amount of deduction the better for my case. I take three millions from 31 millions, which is the total cost of the East Indian Railway, and I find 28 millions remaining; divide that by 1,500 miles, and you get as nearly as possible a mileage rate of 19,000 *l.*

2954. Mr. *Fawcett.*] If you adopt Mr. Crawford's suggestion, you will increase the mileage?—Yes, but in no very great degree; but I want to point out that the effect of these three millions of reduction, if we take it at that figure, will be to reduce the mileage cost from 20,000 *l.* to 19,000 *l.* a mile, and no more. I omitted one thing at the opening of this discussion; the beginning of the questioning by the honourable Member for London was, at Question 2049, where Mr. Danvers was asked what important ends he considered the

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guarantee system to have accomplished, and he said that he thought the advantages had been great: "I think by making a contract with a company in this country you obtain the continuous and almost undivided attention of a competent body of men to each particular undertaking; that was a great object gained." I believe that there are two or three members of this Committee who either are or have been members of Indian railway boards, and I think that they must have smiled when they got credit for having given their "continuous and almost undivided attention" to the business of the railway companies of which they were members.

2955. Mr. *Crauford* (to Mr. *Danvers*).] How long have I been Chairman of the East Indian Railway Company?—I think about 18 years.

2956. Is it the case that for about 23 years I have been a director and given my continuous attention to the business of that company?—Yes, I believe so; of course, by "undivided," one does not mean that every minute is given to it.

2957. Mr. *Faucett.*] When a person says "undivided attention," he means that the greater part of his time is absorbed in that particular business, does he not?—Applying, that as I did then to a body of directors, I think it is self-evident that I could not have meant that, but I meant that this body of directors met together to give their undivided attention at the time to the business of the company.

2958. Mr. *Crawford.*] The managing director of that particular company, you must know, has been connected with the company from the beginning?—Yes.

2959. And he has absolutely given his undivided attention to it from the beginning?—Yes, I think he has.

2960. Mr. *Fawcett.*] What has he been paid? —It has varied; I believe his salary now is 1,500 *l.* a year.

2961. Lord *E. Fitzmaurice.*] But in your answer on the last occasion, you were alluding more to directors?—I was alluding to the body. If I had thought that the expression would have been criticised and interpreted in the manner it has been, I should have left out the word undivided.

2962. Mr. *R. Fowler.*] You mean a general attendance in the same way as a Member of this House attends, I presume?—Yes, without his attention being taken away by other things from the business of the company. (Mr. *Thornton.*) But it must be recollected that all this was said as indicating one of the most prominent of the advantages of the guarantee system. Now I never doubted that on every railway board there must have been one member at least who gave a very large portion of his attention, if not the whole, to the business of the board, and the Honourable Member for London certainly has the reputation of being one of the most energetic members of any of the boards; but it does not follow that because his assistance may be of extreme value there is a very great object gained in having "the continuous and almost undivided attention of a competent body of men, of whom he is but a single member."

2963. Mr. *Crawford.*] You did not mean that as a slur upon the railway directors?—Most assuredly I did not. What I did mean was this, that if that is one of the most prominent advantages of the guarantee system, the guarantee system is very badly off for subjects to congratulate itself on.

2964. That is your opinion?—That is my opinion undoubtedly; and this was the advantage of the guarantee system which Mr. Danvers mentioned first.

2965. You do not think that there has been any advantage in a set of men having continuously given their time to this railway business, and practically many of them the same individuals for 20 years?—Of course it would depend upon the character of the men. One cannot help speaking out when one is asked these questions; anyone who has sat at a board knows perfectly well how the business is conducted, and how one or two men do a great deal, and the rest of the men say ditto to Mr. Burke.

2966. Have you ever sat at a board?—Not at a railway board. I was speaking of boards in general; but I judge of boards in general partly by a little knowledge of one's own character.

2967. *Chairman.*] Is it your opinion that those conditions might be equally well fulfilled by a committee of the Indian Council, assuming always that the committee is composed of competent persons?—I should wish it to be understood that when I am speaking against the guarantee system, I am not crying up Government agency. They are two distinct things. If called on afterwards to defend that, I shall be glad to do it. Meantime I should not think it any proof that the guarantee system is good, because Government agency might be as bad or worse.

2968. But that is the only alternative, is it not?—The only practical alternative.

2969. Do you think that the committee of the council would give a "more continuous and undivided attention to the general supervision of railways"?—I certainly do not think anything of the kind. I think that a committee of the council would have been a less efficient body for such purpose than a railway board, but I should never have dreamt of suggesting that the business of the Indian railways should be entrusted to a committee of the Indian Council.

2970. I gather from that, that the committee of the Indian Council conducts the business very much as the committee of a railway company conducts its business?—I can only say that I am not responsible for that inference.

2971. What other alternative is there?—All I said was that the committee of the Indian Council, however suitable it may be for the performance of other duties, is not suitable for the performance of that particular duty.

2972. Mr. *Faucett.*] What is your next point with reference to the guarantee system?—Mr. Danvers went on to speak of other advantages such as these, that by means of the guarantee system you "obtained a continuous supply of funds as they were required. You also opened a new channel for attracting English capital to India; and you obtained the various opinions of professional men in this country which were applied to novel work in India." For my own part, I cannot conceive why all those advantages might not be obtained equally without the intervention of any guaranteed company. He then proceeds to another point: "And you also provided means by which you should be able to judge, in the course of a comparatively short time, what would be the best permanent policy to pursue with regard to Indian railways generally." In that last remark I quite concur; I quite agree that it would not have been possible to have known how bad

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the guarantee system is unless it had been tried. I think that those are the only comments which I have to make upon Mr. Danvers's evidence in that respect.

2973. Is there any other point on which you would like to express an opinion with regard to the system of guaranteed companies?—I would like very much to supplement the answers which I gave to the honourable Member for the City; when he rather took me to task for the strong terms in which I had characterised the conduct of those persons who were responsible for the drawing up of the contracts. When I was asked about that I was taken a little unprepared; I had a general impression as to the purport of the contracts, but I had not a distinct recollection of details; but since then I have refreshed my memory, and I should like to be allowed to give my present impression. On a former occasion, in pointing out what I considered to be proofs of slovenliness on the part of the lawyers in preparing the contracts, I mentioned that whereas in one clause, called the "Ultimate Right of Property Clause," the East India Company, or the Government of India, is to obtain possession of the railway for nothing at the end of the 99th year: in the next clause the Company become entitled, by surrendering their railway in the 98th year, to obtain from the Government the full value of the railway. I also pointed out an ambiguity in what is called the Annuity Commutation Clause, an ambiguity as to the rate of interest on which such an annuity should be calculated; and with reference to a doubt which was then expressed by some honourable Members, whether I was not too much refining when I said that it was doubtful whether the rate of interest was to be calculated upon the rate of interest paid in London on the obligations themselves, or on the value of them, it is rather relevant to refer to the contract of the Madras Irrigation Company, which was executed in the year 1863, and which shows that the doubt that has occurred to me had occurred to somebody else; for there that particular ambiguity is got rid of. In the corresponding clause of the Madras Irrigation Company's contract, instead of saying that the rate of interest which shall be used in calculating the annuity shall be determined by "the average rate of interest during the preceding three years on the public obligations of the East India Company," it takes care to say that it shall be determined by "the average rate of interest during the preceding three years, upon the average *mean marketable value* of the public obligations;" which I think bears me out in saying that the meaning of the previous words was doubtful.

2974. *Chairman.*] That means what the interest paid by the Government would yield upon the mean marketable value?—It says that the rate of interest shall not be the rate of interest upon the obligations of the East India Company, but upon the mean marketable value of those obligations.

2975. What is the meaning of that, because there is no rate of interest in the mean marketable value; there is the rate of interest which the Government pays upon the obligations?—Suppose that you were to buy a 100 *l.* of 5 per cent. stock, and that you gave 110 *l.* for it, the interest which was to be used in calculating the annuity would be the per-centage which would correspond with 5 *l.* upon 110 *l.* Then I also alluded to this, that whereas the contract of the railway companies provides that no expenditure shall be placed to the capital account, except such as has been duly sanctioned by the Government, it nevertheless provides that during the currency of the lease full interest shall be paid upon any money which has been expended without sanction; but although this has been for some time known, it was always thought that it was nevertheless a real disadvantage to the company to have certain expenditure excluded from the capital account. It used to be thought that whenever the time should arrive at which the railway would be made over to the Government, then from the amount which the company would have to receive would have to be deducted the amount of their unsanctioned expenditure, and that is true with regard to one of the operations by which a railway may come into possession of Government. There are two operations by which a railway may come into the possession of Government; it may come into its hands either by surrender on the Company's part, or it may come into its hands in consequence of Government insisting on buying. Now in case of surrender, that is to say, when the company wished to sell, whether the Government wished to buy or not, then it is quite true that Government is bound to pay to the railway company only "the capital expended" by the said railway company, ascertained and certified in the manner hereinbefore mentioned;" that is to say, after deduction from it of any unsanctioned expenditure; but in the case of the other course being adopted, namely, of the Government wishing to purchase, then there is no precaution of that kind taken; then, although it may possibly happen that a million or two has been expended by the company without the sanction of the Government, although it is possible that it may have been spent on mere extravagance of work, or may possibly have been run away with by some of the officers of the company, or wasted in whatsoever other way, in such a case, although it is excluded from the capital account, the Government, having resolved to purchase the railway, must pay over to the company "the whole of their capital stock," without any deduction of the kind. Now when I said that the railway contracts were a disgrace to any one who drew them up, I think it is quite possible that I used language which it was not becoming in me to use; but I think that I have shown, at any rate, that it was language quite deserved by the parties to whom I was alluding. But that is not all. Hitherto I have only been speaking of the slovenliness in the way in which the contracts have been drawn up; but there is a much greater fault to be found with them. Just return for a moment to those two inconsistent clauses, by virtue of one of which the railway is to become the property of Government at the end of the 99th year, and by virtue of the other of which Government can be compelled to pay its full value in the preceding year, and take the explanation suggested by the Right Honourable the Chairman on the last occasion of the cause of that discrepancy. He suggested (and I have no doubt quite correctly) that the reason was this, that in the first instance the Government thought that they were offering to shareholders a sufficient inducement to subscribe their capital by promising them, independently of certain possible advantages, a terminable annuity of 5 per cent. for 99 years; the companies, or the promoters of the companies, or their representatives

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sentatives (who certainly did serve them in a most admirable way), represented that these terms were not sufficient; and the Government, or the representatives of the Government, those who were trustees of the Indian revenues, acceded to their terms; and to what extent?—Just allow me to repeat that, by guaranteeing 5 per cent. for 99 years or 100 years (which is the same thing), you are giving for every 100 *l.* subscribed a hundred years' annuity of 5 *l.* Now, the other day, I got worked out the prices which one would pay for an annuity of 5 *l.* for 100 years, at various rates of interest, when the rate of interest in the market stood at different sums. At 3 per cent. it would be 157 *l.*; at 3½ per cent. it would be 138 *l*; at 4 per cent. it will be 122 *l.*; and even at 5 per cent. it would be 99 *l.* 4 *s.* 9½ *d.* Now, the first contract was entered into with the East Indian Railway Company (a contract which governed all successive contracts with the same company) in the year 1849; and in that year the credit of the East India Company, so far as it can be inferred from the interest of their home bonded debt, I think it is called, was 4 *l.* 10 *s.* per cent.

2976. Mr. *R. Fowler.*] Which was payable off at any moment?—Yes; so far as the credit of the East India Company could be inferred from the rate of interest of their home bond debt, it would appear that in the year 1849 they might have borrowed at 4½ per cent. I do not think that they could; I am willing, for the sake of argument, to say they might have had to pay 5 per cent.; but at any rate, supposing 5 per cent. to have been the amount, and 5 per cent. to have been the ruling rate of interest in the market in those days, anybody who wanted an annuity of 5 *l.* for 100 years would have been willing to pay almost 100 *l.* for it; but although that was the state of affairs the advocates of the companies said that that was not a sufficient inducement to the public to subscribe their money, even although to that were added certain contingent advantages, the possibility, for example (and a possibility which was firmly believed in), of getting a very considerable increase in consequence of the railways turning out successful. The advocates of the company represented that all these inducements were not sufficient, but that it was necessary moreover to do what? It was necessary that the East India Company, after paying in return for the use of 100 *l.* an annuity of 5 *l.* for 99 years, should at the end of that 99 years give back to the annuitant the whole money which they had received, the 100 *l.*; now, I think it is almost inconceivable that such a thing should be done, that any private individual dealing with his own money would have done anything like that, that he would have promised in return for 100 *l.* a 99 years' annuity of 5 *l.*, and then agreed, at the end of the 99 years, to give back the whole 100 *l.* for which he had given his terminable annuity; that is all that I have to say with regard to the contracts; but I think I have shown that whatever terms I may have used, though perhaps it was unbecoming in me to use them, they were not too strong for the occasion.

2977. Mr. *Crawford.*] But the Government would have got in that case the railway delivered over to them?—No; excuse me, that is just what they do not do.

2978. The company would have got back their money, but the Government would have got the railway?—That is quite true; but then, on the other hand, I am now considering a guarantee for 99 years as equivalent to a terminable annuity; I say that the Government, on behalf of the people of India, were bound to make the best terms that they could, just as the advocates of the companies were bound to make the best terms that they could for the companies.

2979. *Chairman.*] How is it that you assume that the court of directors and the Board of Control combined, did not make the best terms that they could?—I ask any one to judge; is it not clear that those terms were unnecessarily profuse?

2980. Mr. *Cross.*] But you say that they could not have got the money otherwise?—No. I say that it was represented so; but does anybody believe that they could not have got money on far better terms?

2981. Mr. *Crawford.*] You compare it with the transaction of a man receiving 100 *l.* and granting an annuity of 5 *l* for 99 years, and then having to pay back the 100 *l.* at the end of the 99 years?—Yes.

2982. But in this case the Government would take over the railway in exchange for that?—That is perfectly true, but that is not the point; what I am contending for is, that the Government were bound to make the best terms that they could for the people of India; there is no manner of doubt that when they promised a terminable annuity of 5 *l.* for a hundred years, and when such an annuity as that could not have been bought in the market for less than 100 *l*, there was no occasion for them to give more than that.

2983. *Chairman.*] You are taking the view of this railway contract, which probably may have been correct, that the Government proceeded on the principle on which the French Government proceeded for the construction of its railways, namely, giving an annuity which allowed the capital finally to be cancelled, and the Government, at the end of the contract, to become the owners of the railway; probably the court of directors and the Board of Control proceeded on that principle, but the railway companies said that the terms were not good enough?—I know they said so.

2984. Why did the Government give way unless they were convinced that they were not good enough?—I not only do not know, but I cannot conceive any reason for it: it is one of the most unintelligible things.

2985. May not this be the explanation, that the Government insisted upon having a contract in which they would not emancipate the railway companies from their control, that, therefore, they made a complex contract in order to secure that control, and therefore they had to pay for all the embarrassments which they themselves had created, whereas if they had chosen to take a pure and simple contract to raise the money and accept the undivided responsibility, the capital might have been raised upon better terms?—I cannot conceive that those considerations would have weighed in the least with any private capitalist who simply wanted to make a good investment; the one thing that he would do would be to ask himself whether the *quid pro quo* offered to him was fully equivalent or not; and inasmuch as I have shown that he was to get in the shape of a terminable annuity for 99 years the full value of his 100 *l.*, is it not clear that if he had only met with a staunch dealer on the other side he would have given way, and would not have insisted on anything more.

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2986. You keep speaking of this as a terminable annuity for 99 years for 5 *l.*, but was it not a terminable annuity subject to all kinds of contingencies which the Government introduced into it with reference to the power which, though they have never exercised it, they chose to claim of disallowing items of annual expenditure, and reducing the rates to be charged, so as to make it a matter of loss when perhaps it might have been a matter of profit to the company, and to make a number of stipulations of that kind which threw doubt and embarrassment upon the annuity?—I am quite willing to acknowledge it as one of the vices inherent in and inseparable from the guarantee system that there must be Government interference which must be attended with delay, and cause additional expense; but although I willingly admit that, I cannot see how any of the considerations to which you have alluded would weigh with subscribers. They were quite sure either of their 5 per cent. for 99 years, or of getting back previously the 100 *l.* which they gave for it, and that being the case I say that they required no further inducement.

2987. Mr. *Fawcett.*] But you have not stated your whole case. If a person subscribed 100 *l.* to one of these railways, he was told that he had the whole security of the revenues of India, that under all circumstances he should receive his 5 per cent., and that if the railway happened to prosper he would get a great deal more?—That is what I intended to convey.

2988. *Chairman.*] But in the contracts, what you may call now the theoretical rights, were such as would rather alarm persons who would seek for a solid investment, though now we know that those theoretical rights have not been asserted?—More than that; we know also that they have not and never had the smallest effect on the subscribers in general; the only question they ask themselves, as we all know, is, what security they will get, and what interest they will get. I will be bound that a full half of the shareholders in the East Indian Railway could not tell whether Raneegunge is in the Bengal or the Bombay Presidency.

2989. Has it not had the effect that the Government securities, pure and simple, have ruled a higher figure than the railway companies, apart from any prospect of a larger dividend?—Yes.

2990. And when the Government finally agreed to issue a stock, pure and simple, in the nature of mortgage stock, did not they immediately obtain the money on much better terms than they had ever been able to obtain it for many years in a railway company?—Yes; I think that one of the strongest arguments against the guarantee system.

2991. Does not that illustrate what I have stated, that the loss of the Government arose from the complicated contract, whereas, when they borrow money pure and simple, they get it on better terms?—Suppose it to be admitted that it was necessary to give the public somewhat better terms than they otherwise would have had, is it conceivable that it was necessary to give them better terms to that extent, to give them back the whole of the purchase-money which they had paid for their annuity?

2992. It was not a question, therefore, of legal contract, but a question of substance and negotiation as between the intelligence of the railway agents on the one hand, and the court of directors and the Board of Control on the other?—All that I am speaking of is the contract; I am not saying who is responsible for it.

2993. Now that you refresh your memory as to what really took place, does it not occur to you that these matters were matters of substance in the negotiation which took place between the promoters of the railway companies on the one hand and the Government on the other?—Yes, but then the negotiations were conducted by parties who either were very unequally interested in their respective parts or did not perform them equally well.

2994. Mr. *R. Fowler.*] Is it unreasonable to expect, looking at the rate of interest in this country, that when you send your money out to India, with all the contingencies of a mutiny, and things of that sort, you should get 5 per cent.?—Certainly; I expect that anybody who invests his money in anything expects the current rate of interest; but whether the Government should guarantee that is a different thing.

2995. Mr. *Fawcett.*] Is there any other point on which you wish to speak?—I said that I had not brought out the full strength of my case. I took the year 1849, when the current rate of interest, so far as could be inferred from the interest paid by the East India Company on their own home bonded debt, was 4½ per cent.; and the contract which was formed in that year governed to a very great extent all the subsequent contracts made with the East Indian Railway Company. But in the year 1852 a contract was entered into with the Madras Railway Company; and there again the East India Company guaranteed 5 per cent. for 99 years; although at that time the interest of the home bond debt was only 3 per cent. Now, supposing that indicates what was the rate of interest at which money could be borrowed, 157 *l.* 19 *s.* 10 *d.* would have been required to be paid for an annuity for 99 years of 5 *l.* Nevertheless, the East India Company not only gave an annuity for 99 years for only 100 *l.*, but, as before, they promised that at the end of the 99 years they would give the 100 *l.* back.

2996. Mr. *Crawford.*] What price did that Madras stock then bear in the market, so as to test the value of the annuity?—I cannot recollect, but I do not think it much affects my point.

2997. Surely the market is the test?—This is what it is a test of, whether the shareholders attached any importance to the privileges that were granted to them. Now if their stock did not rise in value in consequence, that shows that they attached no importance to it.

2998. Pardon me, it is not the railway proprietors, it is the public; the stock in the market being for sale, surely if the value of the security of 5 per cent. had been so high as you estimated it at, it would have risen to a premium bearing some proportion to the value of the 3 per cent. at par?—It seems to me that the facts just bear the opposite construction. Allow me to repeat my case. I say that the East India Company could have got the public to subscribe easily 100 *l.* on condition of receiving an annuity of 5 *l.* for one hundred years; while they could do that easily, quite unnecessarily they promised in addition to the annuity for one hundred years, to give back the 100 *l.* at the end of the one hundred years. You ask me what effect that had upon the price of their stock. It had a scarcely perceptible effect, if any effect at all; but what does that prove? That it was a perfectly gratuitous

tuitous proceeding on the part of the East India Company to promise to give back the 100*l.* at the end of the one hundred years. If no importance was attached to it by the public, and the price of the stock did not rise in consequence, it is impossible to say why they did it, except because they were asked.

2999. *Chairman.*] But then, in order to make good your case that they could have sold a terminable annuity of 5 *l.* for 100 *l.* a permanent annuity would bring you some premium; what was the premium?—It is simply contrary to the fact; everybody knows that an annuity for 99 years is worth as much in the market as an annuity for ever; there is no difference in price really.

3000. The difference is really about 4¾ per cent. as compared with 5 per cent., is it not?—No; I have just given you the price of it. Supposing that the current rate of interest were five per cent., what you would have to give for an annuity of 5 *l.* for 100 years would be 99 *l.* 4 *s.* 9½ *d.*, all but 100 *l.*; there is no sensible difference between the things; and therefore when the East India Company, simply apparently because they were asked by the advocates of the companies to give them back their money at the end of the 100 years, gave it, the only reason I can conceive why they did so is because they very likely said to themselves: "It will be all the same a hundred years hence."

3001. Mr. *Crawford.*] Who are the persons upon whom individually you are commenting?—I really have not the least idea. You asked me the other day, and suggested Mr. James Wilson; but I do not myself know; I do not know on which horse the saddle should be put; I only know it is a very heavy one.

3002. I should conceive (and that was my reason for asking the question) that these persons were not so much beneath consideration as not to have been reasonably capable of exercising the high functions entrusted to them, and knowing what they were about, and not to be fairly liable to these *ex post facto* criticisms bestowed upon them?—When you find that men have done something so unreasonable that you cannot conceive a reason for it, it seems to me scarcely a justification to say that they must have had some reason.

3003. I suppose the persons in question were the persons constituting the Court of Directors?—They must have had a great deal to do with it.

3004. Sir James Melvill was a person connected with the Court of Directors, and he had large experience; do you suppose that all these gentlemen must have shut their eyes to the considerations that you mention?—It seems to me that you must judge of acts by the acts themselves, not by the actors.

3005. Mr. *R. Fowler.*] Have you any experience of raising large sums on a terminable annuity of 99 years; can you quote any instance?—No.

3006. Mr. *Cross.*] Do you know whether any annuities were issued for 99 years at 5 per cent.?—In those days I do not know whether the East India Company could have done it.

3007. Who were the people who objected to take the annuity for 99 years at 5 per cent.?—I take it for granted, the advocates of the companies.

3008. Do not you think that the general public had something to do with it?—I do not think so; I think it was the promoters of the railway companies.

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3009. Mr. *Crawford.*] Have you ever heard of an annuity for 100 years?—I do not know that I have.

3010. Then you are dealing with an ideal security?—What I do know is, that any actuary would give you the price at which an annuity for 99 years could be obtained.

3011. *Chairman.*] Does it not come back to this, that really the question is, whether the Government ought not to have borrowed the money on the best terms that they could, pure and simple, without reference to the railways, rather than have embarked in these complicated arrangements?—That is rather a larger question; I should say yes to it, decidedly; but I think, with reference to the narrower question, they did not obtain for themselves nearly such good terms as they might have done.

3012. Mr. *Fawcett.*] Do not you think that this is the explanation of what you describe as the one-sided nature of the contract, that here were a body of gentlemen representing the railway proprietors who were acting for their own interests, and were dealing with their own money, and it is only human nature that a man, when he is interested for himself and for a company in which he holds a large pecuniary interest, should be more careful and more keen than a body of gentlemen simply dealing with other people's money?—I quite think so; and in assenting to your view I am merely assenting to what I understand to have been suggested the other day by the Right Honourable the Chairman.

3013. When you said that these contracts were disgraceful, you simply meant to express an opinion on a matter of fact, and it is not for you to fasten the responsibility on any individual, I presume?—That is what I mean.

3014. You consider that they are extremely one-sided, do not you?—Extremely.

3015. And that in every case in which they are one-sided, it is against the interests of the people of India?—It is so.

3016. And with regard to this other point, do you not think that the Government has given its sanction to a great deal of the money which has been expended on the railways after the money has been expended, and not before?—That is a point that I am not competent to speak on.

3017. Supposing that at the present time a railway stood at a premium and fresh capital was going to be subscribed to it, who would get the benefit of that premium?—A very small portion of it would go, I think, to the subscribers; but Mr. Danvers can answer the question better.

3018. (To Mr. *Danvers.*) Who would get the benefit?—The Government have the power now to fix the rate at which stock shall be issued, and of requiring that a portion of the premium shall be paid into the Government Treasury as a contribution towards the capital of the undertaking.

3019. What portion of that premium?—The price offered to the companies is fixed by the rate of premium at which it could be issued to the public.

3020. But there is a confusion to my mind about that which perhaps you can remove. You say, do you not, that the Government has the right to take part of the premium virtually to its own advantage?—For the advantage of the railway. It is all applied to the undertaking though guaranteed interest is not granted upon it.

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3021. Do they spend it for the advantage of the railway?—Yes; I may give you an example. Supposing that the East Indian Railway Company at this moment wanted to issue a million of money, the Government would say, We must either guarantee 5 per cent. and allow you to issue at a premium of 10 per cent., or 4½ per cent., and allow you to issue at par. The amount realised by the premium would be spent upon the railway, and no guaranteed interest would be paid upon it.

3022. But in saying that they require them to issue it at a premium, do they always take care to take the premium which at the time is quoted in the London market?—The price which they fix is regulated by such premium.

3023. Is it equivalent to the premium?—No, I should say not; there is always a small margin, in order to induce the public to take it.

3024. With what difference is there?—Very slight; probably half per cent.; just enough to tempt a shareholder or the public to take it.

3025. (To Mr. *Thornton.*) All these companies have capital accounts still open, have they not?—Yes.

3026. So you may say, generally, that although the aggregate result of the system has been gravely disastrous to the finances of India already, yet, as none of the capital accounts are closed, it is impossible to estimate what the loss will be in future years?—You may say that with regard to some of the lines, but with respect to others, the East Indian line, for instance, although the account is not formally closed, there is no probability of any large addition being made to it.

3027. Did we not understand from Colonel Chesney that several stations have not been built yet on that line?—I do not recollect.

3028. (To Mr. *Danvers.*) You promised me to furnish me with an estimate of the amount that still remains to be expended on works and on which a guarantee has been promised; can you give me that estimate now?—Your question is confined, I presume, to the guaranteed companies. It is an estimate of my own making, and therefore it is subject to correction; but I estimate that the existing lines that have been sanctioned and guaranteed will cost 100,000,000 *l.*, and the total amount expended up to this time is about 90.000,000 *l.*, so that 10,000,000 *l.* remain; but I think that is subject to reduction, for by a recent Despatch received from the Government of India, they seem to think that many of the estimates may be reduced.

3029. Mr. *Cross* (to Mr. *Thornton*).] You say that you object to the Government guarantee. What other plan would you have adopted; would you have allowed independent companies to make the railways without a guarantee, or would you have advocated that the Government themselves should have made the railways out of their own purse or out of money borrowed by them?—If companies had been willing to make the railways without a guarantee, I think, under the circumstances, certainly the Government of India would have been quite justified in allowing that.

3030. Do you think it would have been possible that those railways would have been made under such circumstances?—I think that, whether it was possible in any particular year or not, what rendered it absolutely impossible in all subsequent years was the fact of the guarantee having commenced. When once companies had been guaranteed, then there was no chance of unguaranteed companies coming forward.

3031. Do you believe that, without a guarantee, the capital needed would have gone into India?—I do believe that unguaranteed capital would have gone into India for the construction of railways, had it not been for the guarantee. Considering how this country is always growing in wealth, and what an immense amount of capital is seeking investment which it cannot find in England, and goes to South America and other countries abroad, I cannot conceive that it would persistently have neglected India. I conceive that, as a result of the capital going to India and not being guaranteed, and it being known that if the investors made great mistakes, they would have to take the consequence of those mistakes, very much greater care and very much greater economy would have been adopted in the construction of the railways.

3032. Would you have advocated the system that railways should be made by private persons, or that railways should be made by the Government?—The first thing to be determined would have been whether unguaranteed capital would come forward. If I said that it would be desirable that private enterprise should be employed in this way, it was only on this account, that every Government generally has its own hands full, the Indian Government particularly.

3033. I understand that you have a very strong objection to the Government system of guarantee, therefore I presume that you are able to make a suggestion, or rather that you have formed an opinion of what would have been the best way of making the railways in India; that is what I want to know; what in your judgment would have been the best system at that time?—You asked me whether unguaranteed capital might have been allowed to take its chance; but we will leave that aside for a moment, and suppose that the Government were left to its own resources.

3034. I want you to tell the Committee whether you had then a formed opinion as to whether you would have left it to unguaranteed capital, or have authorised the Government to undertake the railways themselves?—If I had been director of the destinies of India, and had the control of the Government, I would have made the railways myself.

3035. With borrowed money?—With borrowed money, of course.

3036. Do you think that you could have borrowed the hundred millions requisite?—I cannot conceive how there can be any doubt of it. If the money can be raised indirectly by my lending my credit to somebody else, it seems to me astounding that I cannot borrow it on my own credit directly. It has been mentioned a minute or two ago, that when these companies raised their money, which they only raised by virtue of the Government credit, they nevertheless could not raise it on as good terms as the Government.

3037. Do you think that the Government would have been in a better position if they had raised the money themselves?—No doubt they could have raised the money more cheaply.

3038. Mr. *Birley.*] Do you recollect the early negotiations between the promoters of these railways and the East India Directors?—No; I may say that I had nothing to do with railway business till the year 1861.

3039. Then

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3039. Then you are not aware of the fact that several years elapsed in railway negotiations before the first contract of the East Indian Railway?—I have some indistinct impressions to that effect.

3040. These negotiations began about the year 1844, a period of great excitement and inflation in regard to railway property, and yet the promoters on the one hand would not move in regard to establishing companies in India without an explicit guarantee from the East India Company, and on the other hand the East India Company would not hazard themselves the making of the railway, that I believe was the nature of the negotiation?—I fancy so.

3041. Then what is your reason for supposing that unguaranteed capital would at that period have gone to India?—I did not say so; I said that the circumstance of the guarantee system having been adopted then rendered it impossible that unguaranteed capital should go out afterwards.

3042. But you would have had the railways made by the East India Company itself?—Just so.

3043. But at that time do you not suppose that there was an element of hazard in regard to the construction of the railways, and the employment of capital there, which led the promoters and the subscribers to require that high rate of interest?—They fancied so undoubtedly; I presume that every investor would rather have security than insecurity.

3044. What I mean is, that at the very time when the East India Company could have borrowed on better terms than 5 per cent., they could not have obtained capital for making railways on lower terms than they actually gave?—No one would have asked them what they meant to do with it, but merely what the rate of interest was to be.

3045. They were not willing at that time, as a matter of fact, to undertake the risk of making railways themselves?—They were willing to take the risk of other parties making them, which was worse. I do not think that it was any fear of the risks that actuated them.

3046. They relied upon the experience and the practical knowledge of other people?—But the people had no experience then.

3047. Excuse me, I think that is scarcely the fact. The promoters of the East Indian Railway were many of them promoters of railways in this country, and had a certain degree of knowledge and experience upon the subject; and I think that it was upon that that the East India Directors relied at that time; but I will not pursue that inquiry if that is not within your experience?—That is not a matter within my own personal experience.

3048. Mr. *Dickinson.*] As we are on the terms of borrowing money, on what terms did the Government borrow money for the public works loan?—The rate of interest varies amazingly; they are borrowing money now at about 4 per cent.

3049. Where?—The truth is you are asking me questions which do not relate to my department. I do know that money is being borrowed, and that 4 per cent. is being paid for it, but if I am to go into details I am unable to answer, it is not my business.

3050. Mr. *R. Fowler.*] You have referred to the bonded debt of the East India Company; that has varied; it has been 5 per cent., and it has been 4 per cent.; but that is in the nature of Exchequer bills, the bonds being liable to be paid off at a year's notice?—Yes; but I only referred to that as an indication, a very bad one, but the best I had, of the credit of the East India Company at that particular time.

3051. But still is it not the fact that money locked up in investments bears a higher rate of interest than when it is on a security which may be paid off like the Indian bonds?—I do not think that there can be any doubt of that, but I assumed that the current rate would have been higher than that of their bonded debt. But when I found the interest on their bonded debt at 3 per cent. I felt certain that they could have borrowed money at less than 5 per cent. I am speaking of a particular year in which the East India Company were guaranteeing 5 per cent. to a railway company, when the interest of their bonded debt was 3 per cent. I say that the fact of their bonded debt being as low as 3 per cent. shows that they could have borrowed lower than 5 per cent.; something higher than three, no doubt, but lower than five.

3052. Is it your opinion that a large sum of money could have been raised for a line not wholly commercial, but partly for military purposes, unless the Government had given its guarantee?—One hundred millions has been spent on Indian railways, but I suppose that there has not been a year in which very many millions did not go abroad before the guarantee system was introduced; only it occurred to somebody or other that the East India Company might be induced to give a guarantee, and from that time public enterprise seems to have been touched by a torpedo and to have lost its vigour, and now you cannot lay a cable across the ocean without cries being heard that the Government should bear all the loss and the company have all the gain.

3053. But do you not think that those investing money in India, where there are chances of mutinies and political events in addition to commercial considerations, require a high rate of interest?—Yes, but the invester has no right to go to the public to reimburse him in case he makes a bad calculation.

3054. Mr. *J. B. Smith.*] I believe you are aware of the system which the French adopted when they established their railways; they found that they were not able to get the public to come forward to make railways unless the Government gave them a guarantee, and the guarantee which the French Government gave to the railway companies was this, that they would insure them 5 per cent., and that was for 99 years; at the end of that time the guarantee ceased, and the railway was given up to the Government. You are probably of opinion that a similar course might have been adopted by the Indian Government?—Precisely; it is the one first proposed by the East India Company, as the contract shows.

3055. And you assume that if it was necessary to raise the money in any other way, when their bonds were selling in the market at 3 per cent., they would have been able to borrow money in the market at less than 5 per cent.?—Yes.

3056. *Chairman.*] In the French contract it is 5 per cent. upon a certain sum taken at starting, estimated to be the assumed cost of certain works on the railway, and the company has the profit or loss of making the railway for less or more than he

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the sum ?—That only strengthens the case of the Honourable Member for Stockport.

3057. Mr. *J. B. Smith.*] Your argument is simply this, that if the Government even intended to give it over to the railway companies, they might have made much better terms than they did?—Yes.

3058. That instead of guaranteeing 5 per cent. for ever, they might either have let the railways on similar terms to the French, or have raised the money at lower terms in the market, or have made the railways themselves ?—Yes, any one of those three things.

3059. And that having failed to do that, they have wasted a large amount of money?—Just so.

3060. Lord *E. Fitzmaurice.*] Did you say that you considered that the scheme under which the 5 per cent. was paid was the result of certain deliberate arrangements and not possibly of oversight; did I not understand you to say that one clause in the arrangement contemplated the payment being considered as a terminable annuity, that is to say, part of the interest was to be considered as a sinking fund; and then words further on introduced this claim of the railways to be repaid the whole sum at the end of a certain time ?—I did not quite say that; I did not say anything about a sinking fund.

3061. If you consider the payment as a terminable annuity for cancelling all claims on the part of the railway, you would consider that, at any rate, part of that higher rate of interest would be practically in the nature of a sinking fund; you think that the effect of the arrangement was deliberately foreseen, that it could not have been the result of careless drafting ?—It appears to me, judging from the contract, that that was the original intention of the East India Company; they introduced a clause to that effect, then, afterwards finding that the promoters of the companies claimed something more, they allowed another clause to be introduced, by virtue of which they were at the end of 99 years not to receive the railway for nothing, but to give the full value for it; and then their lawyers allowed these two clauses to stand side by side.

3062. Then, in fact, practically it was the result of very careless drafting ?—On the part of the lawyers it seems to me quite discreditable that two clauses of that kind should stand side by side. But that is a minor thing; the important thing is that the East India Company should have made such very bad terms for their clients.

3063. What did you say was the rate of interest being paid at that time on other loans ?—I mentioned that the interest of the home bonded debt of the East India Company at the time when they made that contract with the East Indian Railway Company, namely, 1849, was 4 *l.* 10 *s.*, at the very time that they were guaranteeing 5 *l.* per cent. for 99 years on the stock of the East Indian Company. And in 1852, when they did precisely the same thing to the Madras Railway Company; then the interest required to float their debt was only 3 *l.* per cent.

3064. Could you give me any idea of the ordinary market rate of interest at that time ?—I feel persuaded that it was higher than these rates to which I have referred, but I presume it may be inferred from them.

3065. You would think it absurd that the Government should be guaranteeing as high a rate of interest as that paid upon private securities, although, of course, the risk under the Government security was so much less ?—In the case of a Government with a credit like that of the Government of India, I should say certainly.

3066. Mr. *Eastwick.*] When you say that those negociating with the Government with respect to these railways, asked for something more, do you know what that something more was. Was it that particular point that the railways should be paid for at the end of 100 years ?—Well, I cannot conceive that the Government, of their own motion, would have given that.

3067. You believe that it was that particular thing ?—That particular thing I was alluding to.

3068. I want to ask you on what ground you believe it to be that particular thing, because it did not raise the value of the stock in the market; there was no premium in consequence as a matter of fact, except that in one or two instances the railway stock has been at a premium ?—Just so.

3069. Those persons who were negotiating could not have had any interest in the matter, because 100 years hence they themselves, as the parties who were first connected with the railways in all probability 999 chances to one had sold their interest, would have been dead, and the thing would have passed from their hands altogether; therefore, why should they have any interest in it ?—It is quite impossible for me to assign a reason, for what I say I consider to be altogether irrational; the only explanation that I can give of this proceeding is that neither the companies nor the Government attached much importance to it, that they both of them thought that it did not much matter what happened 100 years hence. Nevertheless I take it for granted that the companies must have asked for this; I cannot conceive that the East India Company offered it them; they must have asked for it, not caring whether they got it or not, and the East India Company gave it them.

3070. Is it not reasonable to suppose that they did not ask for this particular thing; is it not reasonable to suppose that the Government threw in this to which they attached no particular importance, which really was not a very important thing, as shown by the fact that it did not raise the value of the stock, and that the others accepted it, and that clinched the bond ?—I should be very sorry to think so, because, objectionable as I think the conduct of the Government to have been already, I should think it absolutely unpardonable if they did it spontaneously, as you suggest.

3071. (To Mr. *Danvers.*) Is it, or is it not, in the contract, or is it or is it not in the understanding, that the railways should be kept in a certain condition, otherwise the Government may interpose ?—The Government have the power of taking possession of the line if it is not managed to their satisfaction.

3072. Now, I want to ask you, whether it is possible that that consideration may not have had some value with regard to this particular point which we are discussing with Mr. Thornton, because if the company are to receive at any time up to the last moment the value of the railway, therefore it is very much to their interest to be keeping it always in good order ?—No doubt.

3073. And that may have been the reason to explain

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explain what appears to Mr. Thornton so perfectly irrational, may it not?—That was one of the subjects discussed when the negociations were going on.

3074. *Chairman.*] Do you think that these terms resulted from the power that the Government took to interfere with the administration of the railway; as an equivalent for that, they had to submit to pay back the money if there was an irreconcileable difference?—No doubt that had a great deal to do with it.

3075 Mr. *Fawcett* (to Mr. *Thornton*).] Will you tell me your opinion about that 3,000,000 *l.* which the honourable Member for Stockport referred to, which has been lost in consequence of bad bargains made by Government in the rate of exchange?—I am ashamed to say that it is one of those subjects which I have never looked into.

3076. (To Mr. *Danvers.*) The Government has lost that; who has gained it?—The railway company have gained it in a certain sense, because the works have cost them less in consequence; but the Government, when they ultimately become possessors of the line, will get it back. In the meantime, if the exchange continues high, the Government will make a profit from the revenue receipts, in the same way the railway companies have done from the capital payments.

3077 The shareholders have gained it for the time?—For the time, no doubt.

3078. Mr. *Crawford*] It was necessary at the time of the Indian mutiny to provide large sums of money here to carry on the expenditure of the Home Government in connection with the mutiny, and that money was provided by the railway companies, was it not?—Yes; that reduced the amount which had to be remitted from India considerably.

3079. And the Government have now the pull over the railway companies if they are paying a surplus interest; in fact that they account to the railway companies here for their share of the surplus profits at the same exchange of 1 *s.* 10 *d.*?—Yes; and that not only applies to the surplus interest, but to all of the receipts. Supposing that the receipts are 10,000,000 *l* a year in India, the whole of it is credited to Government in England at 1 *s.* 10 *d.* the rupee

3080. In the course of a number of years, one will compensate the other, I suppose?—I should think so.

3081. Mr. *Fawcett.*] At the present time, what the Government have to pay exceeds what they receive by something like 3,000,000 *l.* a year, does it not?—A million and a half I think was last year's deficit, but that was in excess of almost any previous year.

3082. Mr. *J. B. Smith.*] Does the last of the 3,000,000 *l.* bear interest?—No; it is in the shape of a contribution by Government to the construction of the line.

3083. There has been a loss of 3,000,000 *l.* in the exchange; if I understand you rightly, if the railway company has any surplus, it goes in reduction of that loss, and the East Indian Company is charged with the loss on the exchange; there stands to its debit the charge for the loss on the exchange?—No account of that kind is kept.

3084. How is the account kept?—It is a calculation, not an account. It is calculated that the Government have contributed so much more than they have received in consequence of the rate of exchange fixed by the contracts being so low as 1 *s.* 10 *d*

3085. *Chairman.*] That is in consequence of the rate of calculation being made as between 1 *s.* 10 *d.* and 2 *s.*?—Upon that basis and the basis of the difference between 1 *s* 10 *d.* and the actual exchange, which has varied from 1 *s.* 10½ *d.* to 2 *s.* 0½ *d.*

3086. Mr. *J. B. Smith.*] And supposing that there is a profit arising upon the traffic of the East Indian Company that would go at present to their credit, as I understand you, at 1 *s.* 10 *d*?—To the credit of Government

3087 But as there is an arrear of loss, does that loss bear interest?—No; no account is kept.

3088. Then the fact is, that the Government have not only lost 3,000,000 *l* by those transactions to the present time, but they are losing every year 150,000 *l.*, being the interest upon that sum?—Yes, they are losing the interest upon it.

3089. Sir *D Wedderburn.*] With regard to the Bombay, Baroda, and Central India Railway, I see you say that the construction of works on the original line is now nearly completed. Can you say whether the great bridge over the Nerbudda is now in working order?—Yes.

3090. It broke down more than once, did it not?—It broke down the year before last, but last year I do not think there was any interruption of that kind.

Friday, 12*th April* 1872.

MEMBERS PRESENT.

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Lord Edmund Fitzmaurice.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. ROBERT HENRY ELLIOT, called in; and Examined.

Mr. *R. H. Elliot.*
———
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3091. *Chairman.*] WILL you state in what manner you have been employed in India?—I went to India in the year 1855, and started as a planter in the Western Ghâts of Mysore, and I remained there six years and a half first of all, and then I came home to this country, and went out to India again for a couple of years.

3092. Where were you during those two years?—In Mysore, and also occasionally travelling about other parts of the country. I came home again in 1865, and then went out to India, and came back again in 1867; and since then I have not been to India.

3093. Have you been actively engaged in planting or cultivating in Mysore?—Yes, actively engaged.

3094. To any considerable extent?—Yes, to a very considerable extent; but I am not exactly able to say how much, because our lands are not measured, but I may say to a pretty considerable extent.

3095. In what particular cultivation? — In coffee planting.

3096. Sir *D. Wedderburn.*] With regard to the Public Works Department, I think you are able to give us some information regarding that? —Yes; I had occasion to go into that matter very closely with a view of writing on the subject, and to look up a number of documents, and I have also informed myself generally from officials and others as regards the action of that department. I had done that particularly with regard to the conduct of the department in Mysore; but I believe that would be a very good illustrative case as regards all India. Perhaps it would be better that I should give you the details of what occurred in Mysore. (*See* Appendix, No. 15.)

3097. Have you any special suggestion as to economic improvements in the working of the Public Works Department?—Certainly; and that simply is, that the engineer officers should be under the collectors of the districts, for the simple reason that the collectors understand the interests of the whole district better than anybody else can do. And another thing is this, that where the engineers have as much authority as they have now, they often carry out works that are really not the works most wanted in the country; I mean to say as regards bridges and other matters which should come secondary to irrigation, and other works of greater importance.

3098. With regard to bridges, in particular, I think you have some facts to bring before us?—I will show you, if you please, some pictures which will illustrate very well what I mean, and also show you that the native engineers in reality understood building bridges a great deal better than our engineers do now.

3099. *Chairman.*] Perhaps you will explain the distinguishing features of the construction on the part of our engineers, and that on the part of the natives?—Simply that they oppose a tremendous body in opposition to the stream of water, whilst the native engineers oppose hardly any; the consequence is that when a flood comes our bridges are liable to be carried away. I can point out a first-class bridge in Mysore, which has stood there since the reign of Chickdeo-raj certainly, about 150 years. The bridge to which I particularly refer just now is the bridge over the Cubbary, which is a branch of the Cauvery, as I understand; but the fact is, I have not been in that part of Mysore. (*The Witness handed in a photograph.*) I regret to say that I have not here a photograph of a native bridge. If I had had timely notice I intended to have got it from Dr. Forbes Watson.

3100. Sir *D. Wedderburn.*] Will you explain how it is that the native bridges show themselves superior for their special purpose to the bridges which our engineers have built?—The native bridge is simply constructed by taking long slabs of stone, about, I should say, 18 inches or two feet wide, by, say, eight inches thick, and letting these long stones solidly into the sand of the river (just on the principle of our screw pile bridges), with the thin end towards the stream. From the top of one stone to the other, which is placed at a certain distance (I am not aware of the exact distance), they simply put another stone of the same character. A bridge thus constructed will last for ever, in fact has lasted for ever practically, you may say.

3101. *Chairman.*] Will you give a description of this photograph which you have handed in?—

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That is the bridge of Palamcutta, in the Tinnevelly district

3102. Was it built by the Government engineers?—Yes.

3103 Does that wear badly?—Yes; you will see there that it has done so.

3104. Mr. *Eastwick.*] What is the name of the others?—I do not recollect at the present moment. This photograph was lent me by a friend; it is a very well-known bridge in that part of the country.

3105. *Chairman*] Did this give way under a flood?—Yes; it was simply swept away. If you look through the arches of the bridge you will see some native buildings; these buildings were lost sight of for three days, and when the flood went by there, they were as good as ever, and our work went down the stream.

3106. Sir *D Wedderburn*] What would have been the relative cost of a bridge built on the native principle, and such a bridge as that?—It would depend very much upon the circumstances of the country, as to whether the stone was to be got near at hand. There is a photograph (*producing it*) of a bridge made in my own part of the country, and that bridge, as far as I understand, was brought out from Newcastle, and within three or four miles of the river you could have got stone suitable for building a bridge in the native fashion; the iron bridge erected by our engineers cost 12,000 *l*, and, considering the cost of carriage and the different details, I have no doubt whatever that a bridge such as the natives would have built would have been much cheaper.

3107. I have understood that the Public Works Department in certain cases have built bridges where they are not in the least required by the district; could you give an example of that?—Yes; this (*producing a photograph*) is the bridge over the Hemavutty, in Munzerabad.

3108. In what particular did that bridge prove to be one which was not required in the district?—It was rather a loss to the district than otherwise in some respects, because, whereas our coffee used to go over the bed of the river for nothing, it now has to pay a toll; and if you look at the bed of the river you will see that during the traffic season of the year there is no water, at least, if there is water, it is scarcely up to your ancles.

3109. Then during the rains, which are the only seasons when such a bridge is required, there are in many districts, and especially in such a district as this, no roads possible for traffic?—No, and what little traffic there was went equally well by a ferry-boat.

3110. With regard to the special economies which might be effected by placing the Public Works Department under the revenue authorities, could you state a few particulars in which the economy would be effected?—I do not know whether I had not better commence, as I said just now, with the particular instances that I have referred to, that is to say, the instances that I have specially examined into as regards Mysore, where from the incapability of the Public Works Department to carry out the works they had undertaken, some part of the execution of works has been handed over to the revenue authorities again.

3111. Perhaps that might be entering too much into detail, but will you say generally?—I may say generally that, as regards all matters of irrigation in which the people are most interested, the collectors are far more competent to form an opinion than the engineers.

3112. Then at present how far is the Public Works Department independent of the revenue authorities?—I am not in a position to say how far it is independent; in fact, it is very difficult to ascertain these facts accurately.

3113. I think you have had some experience of experimental farms, and you can state your views with regard to the working of those establishments?—I have never seen any experimental farms, but I can tell you as a matter of fact, that the natives have very little to learn from us in agriculture.

3114. Why do you say that?—Because by a close investigation of what they do, aided by a very experienced Scotch farmer, I found that it was practically impossible to improve the native agriculture.

3115 We have been informed that it is very defective owing to their using manure for fuel, and also to their want of capital and energy for carrying out irrigation works; what have you to say on those points?—Capital they can hardly be said to have, as far as I see; and as regards the question of this burning of their manure, that is practically no loss at all. I had occasion to investigate that point very minutely, and to take the opinion of an experienced chemist on it, and it appears that if the ashes are returned to the soil after burning the cow-dung of lean cattle, the loss is practically inappreciable. If, on the other hand, you take the dung of oil-cake fed cattle, such as we have in this country, the case is widely different; but then that case does not occur in India.

3116. But then, as a matter of fact, do the natives use the ashes of this manure?—They certainly do; the ashes are all thrown into a sort of common pit, and these pits are cleared out every year and scattered over the fields The care of the natives in that respect, I think, could not be exceeded.

3117. With regard to obtaining native evidence, do you consider that it would be possible for this Committee to obtain valuable native evidence?—Certainly, but not in this country; for the simple reason that you cannot get the people here; and if you got them here, they would certainly hesitate to tell you their real opinions, I think.

3118. Then have you any suggestion to make as to the possibility of obtaining such native evidence?—Yes; I could tell you exactly how to obtain such evidence; simply by sending a man to India, such a man as I know of, who has a considerable acquaintance already amongst the prime ministers of native states, who are men often of considerable ability, and who could tell you exactly what the resources of the country really were, and what was best suited to it. But these men would not give you their opinions unless you sent to them a man in whom they had confidence, and who had already some acquaintance among them, and who would tell you, in fact, the general opinions of these people without having their names published, and handed to all the world.

3119. Then do you consider that, in the event of such a Commission or Commissioners going out to India, they would be able on the spot to obtain authentic and reliable evidence?—As I said before, if you wanted to obtain the particular evidence of these men best calculated to give it, you could certainly get it in the way I have suggested;

suggested; but if you were to go and sit in a public place and have everything published, these men would not come forward.

3120. But would it be possible to avail ourselves of evidence that would be practically anonymous?—I am thinking of Mr. Bowring, the late Lord Canning's private secretary, who has been in correspondence with many of the native chiefs and their prime ministers. If he were sent to India, but the names of the people from whom he received the evidence not published, I think that you could then get valuable opinions.

3121. You consider that neither in this country nor in India could you obtain any valuable native evidence, if you were to publish the names of those who give the evidence?—Certainly not; and that is also the opinion, I may tell you, of Mr. Bowring, who has probably a greater knowledge of India than any man in existence at the present moment, from the Punjaub right down to Mysore, of which he was Commissioner.

3122. What would be their reason for withholding the truth, or stating what was not the truth?—They would rather not say anything about it; they do not know whether their opinions might be palatable to us. I have here, in this note-book, a copy of a letter from a great Mahratta chief, written to Mr. Bowring. I am not at liberty to mention his name, but I was very much struck with the caution shown by him. His letter was first of all written by his secretary, apparently as if it were about some ordinary thing, and then, in the crabbed hand of this chief, came his opinion as to what the Government should do to get over their financial difficulties.

3123. Do you think that the natives would be willing, supposing that they had a voice in the voting and disposing of money, to grant money for local improvements?—Do you mean the municipalities in the country districts or in the town districts?

3124. Either town or country districts?—It would very much depend upon what the improvements were.

3125. I ask, supposing that they had a voice in the arrangements in making these improvements, do you think that there would be any difficulty in raising a moderate amount of money for those improvements?—I should think that they would not vote for spending any money at all, if they had to pay it, which, of course, they would have to do.

3126. With regard to famines, which have caused great loss as well as great distress recently in various parts of India, have you any suggestions to make on that subject?—Certainly the danger that the country is in at the present moment from famines is very great, and the only immediate way of obviating that is to return to the old Government system of taking a part of the land revenue in grain, and storing such grain for times of emergency. I say that is the only immediate way.

3127. Then would you charge any special officers with the duty of taking precautions against famine in various districts?—Certainly; I think that there ought to be a famine department, if you want a department of any sort in India; that is to say, that great pains should be taken to ascertain the stocks of grain in the country, though, as I said before, the only way really of preventing a famine at present, and the best thing to be done, is to see that grain is kept in the country.

3128. Then of course the great danger of famine in India arises from the difficulty of importing grain from one district to another, famines being often very local, but there being no proper means of communication; I presume that is why you think it necessary to retain a store in each particular district?—Yes; though I would select, in the first instance, those particular districts that are most liable to have famines from not being irrigated.

3129. Have you had experience of famines in Mysore?—No; there was a scarcity in Mysore during my stay there at one time, but no such thing as a famine, though I think such a thing is more likely to occur in the future in consequence of the people, instead of hoarding grain, hoarding cash; I could give the Committee an illustration as regards the change of habits of the people in my time, which might be of use to them. My clerk in India, who was the son of a common farmer, inherited when his father died a considerable quantity of grain; this grain was expended by him from year to year until it became exhausted, and that man himself instead of saving grain to pass on to his son in turn would simply hand on so many rupees; well the result of this, of course, would be that in a time of scarcity instead of having stocks of grain buried in every house you have money, which cannot readily be converted into grain in India.

3130. *Chairman.*] To what do you attribute that change?—Well, in a great measure to the opening up of the country with roads and railways and so forth, which facilitate the transmission of grain out of the country; and the people, instead of putting by grain, simply, as I explained just now, put by money.

3131. The change would seem equally to facilitate the bringing of grain into India?—Yes, if there was anywhere to bring it from; but it so happens that, taking India generally, on the west you have got Arabia and Africa, and you cannot get any grain from that side; on the other side, towards Burmah, you can get a certain amount, but I do not think that the amount which you can get from there would be such that you could afford to look upon India otherwise than as a country which ought always to be dependent upon its own resources for its food.

3132. How would you prevent the growth of improvement in the habits of the people in dealing with their own produce?—I do not say that you should do that in any way; but I think that the Government, by taking a share of the revenue in grain, should preserve that grain in public granaries, so that it should be ready for use in a time of dearth.

3133. Then, instead of endeavouring in any way to encourage habits of forethought or providence in the people, you would discourage them, by making the Government undertake the duty of feeding them?—I look upon it that the people are in that particular state of civilisation that you cannot look to them to take such precautions as a more civilised people would do, and therefore you must treat them, to a certain extent, as children, instead of letting them die, as they commonly do by millions, of famine; simply because our officials do not choose to act contrary to what they call the laws of political economy.

3134. But you might, in the case of Mysore, have a practically unlimited importation of grain from Bengal, might you not?—If you mean from the sea-board, I do not see where it is to come from,

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from, if we suppose that the people all over India are reducing their grain crops to the minimum in order to grow more profitable crops.

3135. Are you assuming that the famine is universal?—I am assuming that a famine would stretch over a population of 20,000,000 or 30,000,000, and my point is this, that if the people all over India had reduced their grain stocks to such an extent that there was only enough for their own consumption, there would not be found in India enough to feed all the districts in a very extensive famine; and that danger has been increased by the people being encouraged to take to more valuable crops which cannot be eaten, such as opium and oil seeds, and the more you grow of those crops, the more it will lead to people having only sufficient grain for their own wants, and no more.

3136. Do you then look upon the growth of coffee in Mysore as an injurious proceeding, preventing the growing of grain?—No; it so happens that you could not grow grain, or, at least, only one crop on the coffee land.

3137 The cultivators might be employed elsewhere to grow these crops, might they not?—They might do so if they chose to go out of these particular countries, some of them certainly.

3138. And how would you deal with the improvement of the people in growing a variety of crops; would you repress it?—No, I would let all that alone to take its course; but I would see that you did not have a famine, to lose you a million of taxpayers.

3139. The fact of the Government taking grain would not alter the quantity of grain grown, would it, if you left them free to grow less grain; if the people are allowed to grow other crops, and therefore grow less grain, the fact of the Government taking part of the grain in kind would not increase the quantity of grain at all?—No; it would not increase the quantity of grain grown.

3140. Would it not be the right of the cultivator to pay in kind of every crop that he grew, if he paid in kind at all?—Yes; but you must consider the safety of life first.

3141. If a man grew nine-tenths of his estate in coffee and one-tenth in grain, would there not be injustice in insisting that he should pay any per-centage of his revenue in grain, and not in coffee?—That is a case which would occur in a particular district, not in the interior.

3142. What would you do in the indigo district, where nine-tenths is grown in indigo and one-tenth in grain?—I quite admit that when you look at India it is impossible to carry on things in such a way that some injustice would not occur; but I keep my eye on the main point, the safety of life.

3143. Would it not be more just for the Government to take its revenue in coin, and if they thought it their duty to keep stocks of grain to buy them at the market price?—I do not see why they should not; but I want to call attention to the general point, that the people are in such a state of civilisation that they are incapable of looking to the future and saving grain instead of money; and therefore, until they are more advanced, the Government should take the duty of feeding them and looking after them.

3144. You do not think that the same result will be arrived at by the general improvement of the people and the introduction of commercial operations, and greater facilities of intercourse?—That would occur in the course of time, but I look upon it that you would lose millions of people during that time, as you have done in the last 10 years.

3145. Have we lost millions of people from any such cause, or was it not from the fact of the civil servants in India not understanding the natural fact that when people wanted grain it was no use giving them copper or silver?—Generally speaking, you may say that the cause has been that our Government, instead of turning on water, have spent a good deal of money on other works; and if they had spent it on the water, the necessity would not have arisen to such an extent.

3146. Do you believe there would have been any loss of life in the famine that took place that you are alluding to, if the Government had applied itself to sending supplies of grain into the district, instead of indulging in any scheme of employing people in public works and giving them money?—There is no doubt that life would have been largely saved, it is impossible to say wholly saved, by simply feeding the people instead of giving them money, and employing them as we do in this country.

3147. With regard to the public works on which you began, did I rightly understand you to say that you had informed yourself to what extent a collector is consulted before any public work is undertaken in his district?—Supposing that we take the matter of irrigation works first, which is the important point; we will take the case, for instance, of Mysore. When I first went there, the whole of the irrigation department, and, in fact, the whole of the public works, and the chief officer of the province, were under the Commissioner, and the charge of all irrigation works was in the hands of the revenue authorities. When the Public Works Department was introduced into Mysore, they took over every kind of work, and they said, "We will do all your works for you from the smallest tank in Mysore to repairing an office or anything of that sort"

3148. Sir *Stafford Northcote.*] When was that?—The date of the introduction of the Public Works Department into Mysore was 1856.

3149. *Chairman*] Do you know what was the system that was adopted with regard to the internal administration of the Government when the Commissionership ceased?—The Commissionership at that time did not cease; the Public Works Department was introduced in 1856, and took over details of every description. Shortly after it was found that it could not carry out these details, because it had not a sufficient body of men all over the country to see after them. Then the Government commenced to go back to the old system, and in 1862 and 1863 the execution of petty repairs not requiring engineering and professional skill was handed over to the civil authorities, thus reversing the policy which had been commenced; also the civil authorities were allowed to carry out tanks or to repair tanks which did not require a greater sum to be expended on them than, I think, 50 *l.* Then to carry out the tanks the civil authorities had first of all to make a kind of estimate, and then to submit this to the supervision of the engineer. The result of that was that the engineer, having no end of business to attend to, perhaps delayed attending to the proposition; the season for repairing this tank would pass by, and then as it

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had not been included in the budget it had to go over to another year. In that way the revenue authorities and the engineers were constantly at war; contention arose between the two departments, and time and money were frittered away.

3150. But with regard to the larger works, what was the process for getting the sanction for them?—I do not know that. They had to be referred up to Calcutta; and, in fact, it is difficult to trace the exact course of things in that matter.

3151. But do you suppose that any works were undertaken in the district having any effect upon agriculture without their being submitted to the consideration of the revenue authority?—No doubt he would be consulted; but supposing the revenue officer thought that the work would be profitable, and approved of it, he then had to refer it to the engineer for his approval; the revenue officer might think it would pay, and the engineer not, and what with the contention between the two, the season would perhaps go by, and time and money be lost.

3152. Would you propose, as a solution of that difficulty, that an absolute power should be given to the revenue officer over the engineer with regard to irrigation works?—Yes.

3153. With regard to other public works, how would you have them carried out; would you give him the same authority as to bridges and roads?—Yes; because I think the revenue officer has a much better idea of the real requirements of the people, and being in close communication with them, is most likely to know, from the course of trade and so on, what works are most required

3154. With reference to obtaining evidence from natives, did I understand your proposition correctly, that some gentleman, supposing he possessed the confidence of some natives in India, should go and ask them their opinions confidentially, and should then give those opinions to the Committee, without disclosing necessarily their names and authority?—Yes; and I do not think that the natives would object to their names being given privately to Members of the Committee, so long as they were not put in print.

3155. Do you think that, having that facility of giving opinions privately and confidentially, they would be very reliable opinions?—Yes; certainly I think so. I think, from my own experience of natives, that as long as they know that their names are not going to be used, and their direct authority quoted, they would tell a man, for instance, like Mr. Bowring, very freely what their opinions were.

3156. Lord *E. Fitzmaurice.*] You stated just now that you are more especially acquainted with Mysore, but have you had any general experience of India; have you lived in other parts of the country?—No, I have never lived in other parts of the country. I have moved about in the south of India; I have been in the Neilgherries, and in Madras and Bombay, and so on; but my local experience in India may be said to be strictly local experience as regards Mysore.

3157. Do you consider from what you have heard that the result of your experience of the Public Works Department in Mysore tallies with the experience of other people in reference to the same department in other parts of India?—Certainly, in the south of India, and as regards all matters of irrigation.

3158. But you would not consider yourself competent to speak for the northern parts of India?—No, not so positively, though arguing inductively, I have no doubt that the remarks would apply to them.

3159. You alluded just now to the native Governments, would you be able to give any general evidence to the Committee upon your opinion of the fitness of the Native Governments for carrying out the details of such works apart; I mean from the style of the engineering?—You mean, I presume, their capacity. I may tell you that in Mysore there are magnificent works, some of their irrigation channels particularly, and enormous tanks and so forth, which have lasted for about 400 years; and these works in the execution of details could not be exceeded by any engineers in the world. Their irrigation channels vary from 10 to 100 miles, and I see no reason why native engineers should not carry them out now. They worked by rule of thumb, which our engineers very much object to; they obtained their levels, I fancy, by the simple process of conducting water along them.

3160. You say that some of them were made some hundreds of years ago; do you consider, for example, that the native Governments now are as capable of carrying out those works as they were then; that they are as energetic or as able to survey the execution of the works, and so on?—I am not able to say; that is such a very general question; but I certainly do not see why they should not show the same activity in carrying out these works now as then, unless we suppose that they have gone back very much, which I do not suppose.

3161. You were describing a native bridge just now, and no doubt several Members of the Committee like myself are rather ignorant of the details of such a work, and could not follow the description; would you be able to put in a Paper giving a description of such a bridge?—Yes, and if the Committee would like me to put in a photograph, I could get one from the India Museum. A rough sketch of a bridge built on standing stone columns, with flat stones laid on the tops of them, was handed in, to give an idea of these bridges, examples of which may be seen near Seringapatam. These were built in the first years of the century. Another bridge of the same construction over the Cubanny near Nunjengode proves the great durability of such works, as it is supposed to have been built by one of the old Hindoo dynasty, and has therefore lasted more than a century. These bridges are very narrow, and do not admit of carts passing each other. This of course would be a drawback in or near a large town, but in the districts would not signify, as the value of the time lost to the people is, practically, of no consequence, owing to the fact of their seldom making more than one or two trips in the year for traffic purposes; and whether they reach home a few hours earlier or later would be a matter of trifling importance. Then when the means of the country improve, such a bridge can easily be widened, by simply adding a third line of stone pillars, and using one of the lines of pillars for central supports. I have not been able to ascertain the comparative cost of such a bridge and one of the iron ones got out from England, but the carriage of the bridge over the Hemavutty (the photograph of the bridge was shown by me to the Committee) from Bangalore alone (140 miles) cost at least three pounds a ton, and if you calculate

calculate carriage from Madras, and all the charges from the time the work left England, it seems pretty clear that, seeing that suitable stone could have been found within a few miles of the site of the bridge, a native-built bridge would have cost a far smaller sum. And supposing that it even cost the same sum, it is plain that for the good of the people who paid for the bridge a stone bridge would have been preferable.

3162. You were alluding just now to the possibility of collecting part of the taxes in corn, and the Chairman raised an objection by suggesting that in districts where indigo or other products other than corn were grown, it would be impossible to do that; could not that be met by saying that corn and money should be the two articles taken as payment of taxes?—Yes.

3163. Could you inform the Committee whether formerly under the native Governments, for example in Mysore, the Government kept stores of corn, or whether it trusted in those times entirely to private hoards to prevent famine?—Well, as the revenue in former times we know was to a certain extent taken in grain, I conclude, though I have not exact evidence of it, that Government must have kept considerable stores of grain.

3164. In fact, there were public hoards and private hoards?—Yes, I think the two hoards of grain did really exist.

3165. Mr. *Lyttelton.*] Are tolls universally exacted for bridges built by the Department of Works?—I do not know. In the case of this iron bridge to which I have alluded there is a small toll; I do not know what it amounts to.

3166. May we assume that if it is the case with that bridge, it is the case with others?—I think possibly.

3167. You said, did you not, that the building of that bridge left the people worse off than before, that it prevented the transit of coffee across the bed of the river?—No, because I really do not know that the Government do not allow the carts to go across the bed of the river; my point was, that it was no good to the country; a man put his shoulder to the wheel and shoved his cart over the sand, and got across five minutes later than he would have done by means of this bridge.

3168. It was a mere waste of money, you think, building the bridge?—Yes.

3169. Is it a fact that the roads that lead up to the river at other points distant from the bridge have fallen into disuse owing to the erection of the bridge?—They have simply put the bridge on one side of the original road, as I understand, and no particular change, as I am aware of, has taken place, except that the carts go across the bridge instead of across the sand of the river.

3170. I think you said, that the natives have not got much to learn from us in respect of agriculture; I suppose you are speaking with reference to the crops that they raise at present?—Yes, or any agriculture which I have observed them to be engaged in.

3171. You do not mean that they have not much to learn with regard to the uses and adaptability of other kinds of seeds that they have not the knowledge of at present?—There may be a slight improvement to be effected, as I believe there was in introducing Carolina rice to some parts of India, but that could be done by sending seeds to the principal magistrate of each county, instead of getting up cotton and other experimental farms.

3172. As to irrigation, I believe Mysore has not much to complain of; it is fairly supplied with water, is it not?—Yes, but there are 5,000 tanks out of repair out of an estimated number of 20,000.

3173. Notwithstanding the habits that the natives are acquiring of hoarding money, they do not seem to care to apply their capital to the repair of tanks?—When I used the phrase "hoarding money," perhaps I gave you to understand that the sums were considerable. That is really not the case; the sums of money hoarded are something exceedingly trifling, I believe. Now I have cultivated fields myself, to see what can be got out of the soil, and after cultivating them, and paying the expenses, I found the residue left over for the farmer so small, that I let my rice lands around my coffee plantations for nothing. I just take the Government due, and pass it on to the Government. So that when you come to examine the sources from which these hoards can be derived, you will be able to come to a conclusion how very slight these hoards must be; it is merely a general name.

3174. Are the natives in the habit of clubbing their capital together in villages for the purpose of agricultural improvements?—No, I never heard of their doing anything of the kind.

3175. Sir *D. Wedderburn.*] I think the district in which you resided was not on British territory?—It is in a native state.

3176. Have you had opportunities of contrasting the condition and well-being of the natives under the native government and under direct British rule?—No, I cannot say I have. You mean the government of that particular state, I presume.

3177. The government of a regulation province or of a native state?—I have no doubt that the people are a great deal better off under our rule, up to a certain extent; and from examination and reports, and one conclusion or other that I have come to, I certainly think that Mysore, for instance, gained greatly by coming under British administration; that is to say, where the native administration was let alone, and merely supplemented by a very few Europeans. But when you go beyond that point, you then are apt to get into spending more money than the means of the country can afford; and therefore the benefits that you get at first gradually disappear as civilization proceeds.

3178. That is to say, you consider that while the natives in such a state as Mysore, governed as you described, are better off than in a more independent state, they may also be considered as better off than those in a British regulation province?—They are better off, I consider, in what is called a non-regulation province than they are where our administration is in full force.

3179. Is not Mysore a non-regulation province?—It was, but when we intended to take the state we set to work to get it under our idea of Government, and the moment that commenced to occur, and when you got in the Public Works Department especially, then you commenced to spend money rapidly, and in a way which I conceive was not for the benefit of the natives of the country; in fact, they would have been better without a great deal of the works and the bridges, and also without the large establishments necessary to carry on our administration.

3180. Sir *T. Bazley.*] Was your agricultural industry successful and profitable in the cultivation

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tion of the soil?—The rice lands I found not profitable, that is to say, the profit was so small that it was not worth taking the trouble about, but the coffee I did find profitable.

3181. Did you manure your soil?—Yes.

3182. And did you send the produce for export?—Yes, I sell my coffee in London.

3183 How did you have it conveyed to the sea?—You may send your coffee to Mangalore, on the western coast, and in the other instance you may send it to Bangalore, and from there to Madras.

3184. Were there any obstacles between the sea and yourself?—No, none of any importance.

3185. You could send by waggons and bullocks, I suppose?—Yes, there was no difficulty.

3186 In the immediate vicinity of your station, was there much uncultivated land?—I suppose you mean uncultivated land of all sorts; there was very little land capable of cultivation in a way profitable in that country, because the country is too wet to admit of the dry crops of the open country being cultivated, and the uncultivated rice lands are very little in extent.

3187. Did you make experiments in any other cultivation than coffee and rice?—Yes, I have planted cardamoms which I am growing now, and also cinchona plants, and I put down occasionally tea plants; but the two crops I have given attention to are coffee and cardamoms.

3188. Do you think you had land to the extent of 1,000 acres in cultivation?—No.

3189. Had you half that?—The cardamom land is simply a forest granted by the Government without any measurement, and we go in there and cut out patches suitable to the growth of the plant, and therefore I have no notion of the quantity of land.

3190. You could transmit your produce across the river, in consequence of the river being nearly dry at the season, and therefore you did not want a bridge for that purpose?—No; because in the period of transmission of produce there is no water in that river; no water to be an obstacle, I mean.

3191. Would you apply the observation generally to India, that bridges are not necessary?—I think we may say generally that you should never have a bridge where you can get a ferry, because the means of the country cannot afford it.

3192. And you probably think that we did very unwisely in the erection of bridges and improved roads in Europe?—Not in Europe, where time is of great importance and value.

3193. And why should not time be equally valuable in India?—To the natives it is really of very little value. Whether a man is half an hour getting his cart over such a river as I speak of, or whether he gets it over in 10 minutes, the time to him is really nothing in reference to his general occupation.

3194. Do not you think that an economy of time might be of great value to the natives of India?—I do not, generally speaking; but I am contending for this, that you must have, first of all, water and irrigation, and that all the money you take from them to spend on bridges is a loss to the country.

3195. Do you think the department of Public Works altogether unnecessary in India?—No, not altogether unnecessary; but I think that it should be subordinated to the revenue authorities of the country, who, having most to do with the people, are best able to judge the state of the country.

3196. What are the resources to which you look for the country being made more productive and the people placed in a more prosperous condition?—Well, as far as I can see, there are no resources in India; there is only one resource, and that is water; having looked into the country very carefully, I cannot find any "resources" in the plural; there is that one resource, water, to add to the production of the soil at present in cultivation; but when I look for other resources beyond the soil, I am unable to discover them.

3197. But you are aware that India has been celebrated for manufacturing produce of great rarity, beauty and usefulness?—Yes.

3198. Are not those the resources of industry?—They are to a certain extent, but I do not think that, under the circumstances, you can look upon those as likely to develope an extensive national welfare.

3199. But you are quite aware that we have displaced many of those industries by sending cheaper goods from this country to India?—Yes.

3200. Why cannot India run a race with us. India was in advance of us some centuries ago; why cannot she resume her position by increased activity?—If you can produce cheaper, I take it that the incentive to increased activity does not exist.

3201. Have you tried the cultivation of sugar?—No, never.

3202. Or of cotton?—No.

3203. In Mysore are the sheep very abundant?—There are large flocks of sheep in the interior of the country.

3204. And is the wool of good quality?—No, it is rather hairy.

3205. Is it manufactured at home?—It is manufactured considerably in Mysore itself.

3206. And are the products shipped and exported?—In some instances the wool is worked into blankets which are used by the natives of the country; but there is a considerable export of wool from India itself. I am unable to say how it is with reference to Mysore.

3207. Do not you think that an increase of bridges and roads giving facilities for communication will be a great convenience to all those having produce to send away?—Certainly, in the case of roads; but I consider that the time saved by building an immense bridge is not worth the money to the country, considering that other works, irrigation works, are so much needed.

3208. You are probably aware that all the inventions of this country, of utility, are based on economy of time?—Yes; but that rule does not apply to the natives of India. Supposing a man in Mysore has half a dozen or a dozen carts, and goes to carry coffee to the coast, he can only make one trip during the season, and would never make a second by saving ten minutes by going over a bridge; and the same rule would apply elsewhere as to the capability of the people making numerous trips.

3209. Do not you consider that with increased facilities for the cultivation of the soil the time could be saved, and the same labour could cultivate a much greater extent of the soil, and make it yield an increased produce either for home consumption or exportation abroad?—I think that the increased production can only be permanently and effectually brought about by irrigation.

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3210. You do admit the value of manure?—Yes; but I do not consider that the value of the dung of lean cattle is impaired by burning it, and any good agricultural chemist will tell you that.

3211. The agriculturists of Europe have imported guano into India; have you ever known it applied to the soil by the natives?—No; and I do not think, speaking generally, it would pay to import guano for their crops.

3212. On the whole, you arrive at the conclusion that India should be left very much in the state in which it is now?—No; that it should be watered, and that having been watered it should be left alone.

3213. Water is a mere solvent; it is not nutritious in itself, and unless you associate it with some manure you cannot increase the produce, can you?—Pure water is certainly a mere solvent, but the water generally used for irrigation is muddy and contains manure. I never said anything against the use of manure, but only that the natives cannot be accused of not using the manure they have.

3214. Are you aware whether deep ploughing has ever been tried in India; to the depth of 18 inches, for instance?—I am not aware that it has; it would not pay to carry it out with the means existing in the country. You must consider always the means for feeding animals; now the Government in Mysore lately sent the different planters a present of a bull each to improve the breed of cattle, and my manager wrote to say that it would be very much better if the Government would attempt to improve the breed of grass.

3215. Is the climate at all humid?—At certain seasons it is, and at other seasons it is very dry.

3216. You probably think the soil not capable of yielding grass abundantly like Ireland and this country?—No.

3217. Do you think that the population of India is increasing or diminishing?—I have no means of knowing that

3218. You have spoken of millions of people being starved by famine, how many millions have been starved in that way?—I was taking the Government reports with reference to the Orissa and the Rajpootana famine, and Colonel Baird Smith's, about the famine in the North Western Provinces, and these three, I think, make up nearly three millions in little more than 10 years.

3219. Do not you think that that should call forth very great energy on the part of the inhabitants of India to cultivate the soil, and prevent a recurrence of such famines?—Yes, and also it should call forth efforts on the part of the Government, till the people rise out of their present state of civilisation.

3220. But you said that we were not able to teach the natives in agriculture anything superior to what they already possessed?—Yes.

3221. And their mental attainments, to a certain extent, are equal to our own?—Yes; but from their limited opportunities they are not able to take in all the circumstances of their position, as I hope they will be able to do when they are more advanced.

3222. Have you any knowledge of the district of Tanjore?—No, none whatever.

3223. Are you aware that there is a higher degree of cultivation in Tanjore than in Mysore?—No, I am not; there are more rice fields there, I believe.

3224. And coffee is more abundantly grown?—I know nothing about that.

3225. Do the natives read the agricultural reports that are published in this country; have they any idea of what is going on here; are they acquainted with the vast activities prevailing, not only in Great Britain, but on the Continent of Europe?—No, I do not think that they have any knowledge of these things at all.

3226. Is there nothing that can be done to stimulate them to render themselves more comfortable and more useful in the great family of mankind?—Water is the thing to stimulate them, as I said before; as regards the famines which you spoke of just now, here is the memorandum, the numbers who died in them; in Orissa it was 1,364,529, in Rajpootana it was 1,200,000, and in the famine in the North Western Provinces, as far as I recollect, it was, I think, 300,000; and there is a famine now going on in Ganjan, I believe, which will probably add a good many victims to the number.

3227. Mr. *J. B. Smith.*] How many periods of famine is that?—Three periods since 1861.

3228. Were these famines that you speak of occasioned for want of means of irrigation?—I think that irrigation certainly would have prevented them, or mitigated their severity.

3229. They all arose in dry seasons, did they not?—Well, in some instances, I believe, or in one instance it was not so, an excess of rain at one period was a partial cause; but of course, generally speaking, you may say that famines arise from drought.

3230. And your remedy for these famines is the establishment of works of irrigation?—The first remedy is to prevent the people from dying when a famine really does come.

3231. But famines would be very infrequent if the means of irrigation were supplied in cases of drought?—Certainly

3232. And therefore in that case, where people had the means of supplying themselves with water, when there was an absence of rain that would prevent famines?—Certainly, I think so.

3233. That is the result of the experience of India, is it not?—Yes.

3234. Now, your knowledge of India, I suppose, is confined to Mysore?—Yes, direct personal knowledge.

3235. Do you consider the soil of Mysore productive?—It varies a good deal, but, speaking generally for the whole province, you may say that the soil is not fertile.

3236. There is a general notion that India is a most rich and fruitful country; is that the result of your experience?—No; as far as I can find out, it seems to me the poorest country in the world.

3237. Have you had any means of knowing what is the production of cotton?—No, I know nothing about cotton.

3238. There is none grown in Mysore, is there?—Yes, there is cotton grown in some parts of Mysore, but that has been out of my line, and I have not paid any attention to that subject.

3239. I gather that your opinion is, that as compared with countries like those in Europe, India is a barren country?—Perhaps that is not quite a correct expression, because in Lower Bengal you get to a country which is more populated and, from an agricultural point of view, Mr. R. H. Elliot.

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on the level of many other countries; but the moment you get out of that particular region you get into poorer and poorer countries, more dry and sterile.

3240. Do you find in all those countries where you say it is dry and sterile that the production is improved by irrigation?—Undoubtedly it would be.

3241. I think you stated that there are a great number of works of irrigation in Mysore?—Yes, a large number.

3242. And in some places they have gone out of repair, you say?—Yes.

3243. Has the production of the country diminished in those cases where they are out of repair?—I cannot give any precise information as regards that, and I do not know that any means of obtaining such information exists, because in that particular country I do not think that their statistics went further than very general information.

3244. I think as regards public works you stated that, in your opinion, the number of public works which had been established in Mysore were unnecessary?—I mentioned one, and I certainly think that other works might have been dispensed with too.

3245. In the case where they built a bridge over a river, is that river passable at all seasons?—It is passable at all seasons; it is passable by means of a good ferry boat in the wet season, and it is perfectly passable in all the traffic season; in fact, it is dry nearly.

3246. Then you think that the building of a bridge in such cases is a superfluity?—Certainly.

3247. And they are very expensive, are they not?—Very expensive. That cost about 12,000 *l.*

3248. Is it an iron bridge?—Yes, it came out from England.

3249. What is this bridge that was washed away; it seems to have been a stone bridge?—I think it probably was brick, to look at it generally.

3250. Was that a costly bridge?—I do not know what it cost; but judging from the size and appearance of it it must have been a costly work, as you will see from the number of arches.

3251. What was the fault in the construction of this bridge?—I have no idea; it was practically unable to withstand the floods; but I know nothing about the details of the bridge at all.

3252. Sir *D. Wedderburn.*] Is it not generally the trees brought down by the rivers that carry away our bridges?—That might occur, but I am not aware whether it is commonly the case or not.

3253. Sir *J. Elphinstone.*] I think you say that your knowledge of India is pretty much confined to Mysore?—My personal knowledge of India is.

3254. There are particular facilities, are there not, for obtaining those stone slabs that you alluded to; the particular description of gneiss that exists in that country splits very easily?—Yes.

3255. So much so that the telegraph posts are entirely made of that kind of stone?—A great many of them are.

3256. That is an illustration of the particularly easy nature of the stone for adapting itself to various uses?—Yes.

3257. Of course for such pillars they would supply iron where stone of that description could not be found?—Yes.

3258. I think you are generally of opinion that in many cases bridges might be dispensed with, and ferry boats be better for the traffic?—Better for the requirements of the inhabitants of the country.

3259. In the dry parts of India the rivers are probably full only for a very few weeks in the year?—That is so.

3260. And in many cases when they rise they are dry again a very few hours afterwards?—Yes.

3261. So that there never can be any very protracted delay in passing rivers?—Sometimes there is a delay with certain rivers, as, for instance, that very Hamavutty, which is full for a good many months of the year; but in the drier regions of India it would be as you say.

3262. But of course a river full during the whole of the year must be differently dealt with from a river such as you describe, which is only a sandy course for nine or ten months of the year?—Yes, in this instance it is a sandy course all the time that it is wanted.

3263. With reference to experimental farms, has there ever been an experimental farm in Mysore?—Yes, on the other side of Bangalore there is some experimental farming.

3264. What do they profess to do there; do they profess to introduce exotic plants or simply to improve the grains and roots of the country?—They profess to do both, generally to carry out anything that may be of use.

3265. And also to improve the rude machinery which is now in use for the cultivation of the soil?—Yes, but when you adopt the term "rude machinery," I had better mention that their machinery, though rude, is in reality good, so much so, that I think an improvement might be made in our drilling machines in this country by learning from them.

3266. The Persian wheel is better adapted for the mode of irrigation that they have than any other machinery?—I am not able to give an opinion. I have not investigated that particular point.

3267. Are you aware that an improved wheel has been invented at the experimental farm of Madras, which has been much applied for by native cultivators, and is coming rapidly into use in the Madras Presidency?—No, I am not aware of that.

3268. A multiplying wheel, which raises a very much larger amount of water than the old machinery?—I did not know.

3269. Then you have not seen the improvements in cutting grain for grain crops that have been carried out on this experimental farm, and other things?—I know that at the Exhibition near Bangalore these improvements were attempted to be shown, and a reaping machine, not being able to distinguish between one crop and another, simply, to the horror of the natives, cleared off everything; the crops then to be reaped and those that were to be reaped some months afterwards.

3270. With regard to famines, from the enormous extent of India there must annually be some districts that are subject to famine, must there not?—Yes.

3271. Scarcely a year passes without some district in India being in very severe want from some famine?—Well, I believe so.

3272. Does

3272. Does it consist with your knowledge that the railway extension has in any form mitigated or shortened these scarcities?—No, the famine of 1861 was in districts which the railway ran through, or close up to. I have not been able to ascertain how far the railway had progressed at the time of that famine; but it had got as far as Allahabad, which was close abutting on to the very famine district.

3273. In those cases the supplies of grain were brought from a considerable distance—Akyab and Rangoon and some of the Tenasserim Provinces, and those places—so that they had a considerable sea voyage to perform before they could be got to the spot?—I am not aware where the grain came from that was brought into the country then.

3274. Then, with regard to the Orissa famine, I suppose the inaccessibility of the coast from want of harbours was a great cause why that famine was not relieved more rapidly than it was; is not that so?—There are harbours, I believe, where grain could have been landed, and that has been publicly stated, and grain could have been got into the country from Burmah.

3275. What harbours are there?—I forget the names of them now; I am not very conversant with that part of India It has been publicly stated, and has never been contradicted, that grain could have been landed there.

3276. With regard to the manufactures of India, are you aware that cotton factories have been established at various places, at Bombay and other places?—Yes

3277. And are you also aware that the great drawback against those manufactures is the want of fuel?—No, I was not aware of that.

3278. The cost of fuel imported being so great as compared with manufactures in Lancashire, as to be a standing difficulty in the way of those manufactures?—I was not aware of that; I know nothing about that.

3279 But this you know, I suppose, that the old manufactures are dying out of India; the Dacca muslins and the cotton cloths in the Coromandel and Malabar districts are dying out, and you cannot get them?—Yes, it is generally understood everywhere that native manufactures are decaying.

3280. Has Mysore very much improved since the railway was opened to Bangalore?—Not that I am aware of in any way.

3281. There is a very considerable traffic on that railway, is there not?—I believe there is, but I have no precise information regarding that, nor am I aware that any improvement of the country has taken place from the opening of that railway.

3282. But it is not many years since it was completed, is it?—I think nine or ten years now. I do not recollect at the present moment.

3283. With regard to the sheep in Mysore, have the merino sheep ever been introduced there as a class?—Yes, the Government at one time got merino sheep from Australia and crossed the native sheep, but for what reason I really do not know; I suppose from finding it unsuccessful, the Government abandoned the undertaking. I am not aware that any permanent effect was produced by bringing those sheep into the country.

3284. It did not improve the breed?—By the report I believe it was improved, but why the Government abandoned it I do not know.

3285. Whatever might be the improvement, it was not taken up by private parties and carried out?—No, it was not taken up by any private parties that I know of.

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3286. With regard to sugar, are you aware, with reference to the sugar-cane produced in India, I mean in the Madras Presidency and through the Malabar district, that the saccharine matter obtained from the juice is so small as to make it of little value for cultivation?—I know nothing of that.

3287. Did you clear forest land for your coffee, or grass land?—Forest land

3288. Was it heavy forest?—Yes

3289. Where do you derive your labour from?—It is partly local, and partly imported from the interior of the province.

3290. How many years does it take before the coffee comes into bearing in Mysore?—In three and a half years; in two and a half years you get a slight crop, and in three and a half practically it comes into partial bearing.

3291. Of how many acres is that land?—I do not know, our lands were never measured.

3292. What is the largest export you have made?—I do not remember exactly what the largest export of coffee that I ever made was; I know it in money.

3293. Do you manure?—Yes.

3294 What manure do you make use of?—I have been using lately for one thing nitrate of potash in small quantities, that is, saltpetre and also bones.

3295 Have you tried poonac?—No.

3296. Have you tried cattle manure?—A small amount, but the means do not exist there of keeping your cattle fat for making it pay; the dung of lean cattle is of little value.

3297. Are not the cattle fed with oil cake?—Yes; but not to that degree of fatness to make the manure very valuable.

3298. And have you a compost?—Yes; we put that down; we have a mixture of manures.

3299. Have you found the rice cultivation unprofitable?—Yes, for Europeans.

3300. The water acts as a solvent to the ingredients of the soil generally in rice cultivation, does it not?—It acts also in another way; with the water comes down a certain amount of mud; so that when you say you have provided water in India, in a large number of instances you have provided manure.

3301. India, with the exception of deltas and favoured localities, I understand you to say, is a very poor country?—Yes, that is the opinion of Mr. Bowring, the Commissioner of Mysore, and he has seen more of the interior of India, I suppose, than any man.

3302. There are no metals?—No, there is the soil, and that is the whole thing; there are metals, but they are not available; there is iron, but there is not coal at hand, nor any means of working it up.

3303. In the iron there is no hematite in iron?—I am not aware as to that.

3304. Then there is no fuel to utilise the iron?—Just so.

3305. Do you know anything of the Porto Novo Iron Works?—No.

3306. You have heard of their failure perhaps?—Yes.

3307. In fact, the working of iron by the natives, except for their knives and axes, and that sort of thing, practically does not exist?—Yes.

3308. There is no lead or copper in India within

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within the bounds of the European Government, is there?—Not that I have heard of.

3309. Coal only exists in two or three places, and that of very inferior qualities?—Yes; in fact, it is said that there is no coal in the South of India. There is some report of some coal having been discovered, however.

3310. In fact, all these matters go to support your theory that India, take it generally, is a poor country, which can only be supported by an abundant supply of water for the purposes of irrigation?—Yes. There is one other thing that has to be mentioned as regards the importance of trees.

3311. I was just coming to that; have you any experience with regard to the value of the forests in India?—No; none.

3312. But I suppose you consider that there is a very great want of fuel and want of food in many parts of very large districts in India?—Yes.

3313. Are you aware that there are a variety of trees that have been introduced from New South Wales, the blue gum and the cassuarina, and others, that grow very rapidly in India; and are you of opinion that the planting of those trees in the denuded parts of the country would be favourable to the retention of water and the production of moisture?—Enormously so. I think that you might, practically speaking, alter the climate of Mysore in 30 years by planting. By planting slips of forest across the country, you would mitigate those parching winds that wither up everything before them.

3314. And you also protect your water sources?—Yes, you also protect your water sources; and thirdly, you supply a very important manure, because the soil of India is very deficient in vegetable matter. I believe that is one of the great requirements in order to preserve its texture, that is to say, to keep it in a nice workable condition. If you had plantations spread all over the country, the people would sweep up the leaves, and in that way have a cheap manure.

3315. The fact is, that with the exception of some formations in the south of India, it is a land of primitive rock from one end of the country to the other, is it not?—I am not aware of the geology of the country.

3316. There is a great want of lime, is there not?—Yes, that was the reason for the material which the public works put into their buildings.

3317. That would make it advisable to substitute iron for masonry works as much as possible?—That would be a matter of calculation.

3318. Mr. *Beach.*] You said that deep ploughing was never generally practised in India?—No, not in our sense of the term.

3319. Is there anything in the subsoil to prevent it?—In some instances it is not advisable, as, for instance, on Brighton Downs beyond a certain depth, because the subsoil is of an injurious, non-fertile character.

3320. Would that be the case in Mysore generally?—I do not think that it would as a rule.

3321. It has never been tried to see the nature of the subsoil?—No; it may have been tried on an experimental form.

3322. Are you aware whether, in an experimental form, it has ever been tried or not?—I am not aware, but I have not the slightest doubt that it has; but in a matter of that sort you must consider the resources available at the hands of the people, that is to say, the strength of their bullocks, and the depth at which they can go.

3323. The ploughing is carried out with four bullocks generally, is it not?—In our part of the country with two.

3324. In a favourable year is there a great superabundance of corn, more than is sold in the country itself?—The natives do export corn from Mysore, but what the superabundance may be has never been calculated.

3325. What is the general character of the produce used for food?—In the part of the country where I lived, rice was the principal thing, and in the interior of Mysore, a grain called ragee was the principal article of food.

3326. Rice does not deteriorate by keeping?—No, I believe rice may be kept for a great number of years, and ragee it is thought may be kept for an immense time; but in keeping rice in that way you have to keep it in the husk.

3327. We have had one opinion given by a gentleman that the reason why grain was not hoarded at all in the present day was, that people had to sell their produce in order to pay their taxes; do you concur in that?—I am not able to say whether if an export could be had they would not have sold it in any case.

3328. There is a considerable amount of grain exported from other parts of India but not from Mysore, I suppose?—It does go from Mysore also.

3329. It would be to the interest of the people to obtain the best market they could for their produce?—Yes, certainly.

3330. Mr. *Fawcett.*] You have since your return from India occupied the greater part of your time in studying and considering general questions of Indian policy, have you not?—Yes.

3331. The result of those studies has been shown in articles and books which you have frequently written?—Yes.

3332. So that, although you only resided in Mysore for a few years, for a number of years you have studied the general politics of India with a considerable amount of care?—Yes, with very great care, and I am now engaged in going through every department of India; I commenced with the public works, and I am now engaged on the revenue department, and I am going on with every branch of the administration.

3333. With regard to public works, I understand that the point that you wish to bring out particularly is this: that, without denying the utility of public works, considering the circumstances of India, these public works have been carried out on much too extensive a scale, and consequently have increased the financial burdens of the people?—Undoubtedly.

3334. And not only do you think that they have been carried out on too extensive a scale, but that the money which the Government might justly have spent should have been differently spent from what it has been?—Yes.

3335. That instead of building bridges which might in many cases be regarded as articles of luxury, they should have concentrated their energy on carrying out irrigation works, and other works which might be considered as works of necessity?—Yes.

3336. You disagree, I believe, with the opinions which have been expressed by Colonel Chesney and other witnesses, that the natives have not carried

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carried out great engineering works by themselves?—Yes.

3337. Some of those engineering works would compare favourably with any that we have constructed, you think?—Certainly, all their irrigation works; but not in the matter of roads, to which they do not seem to have paid much or any attention.

3338. But in the construction of irrigation works, which may be regarded as matters of prime necessity to India, they have shown remarkable ability?—Yes.

3339. That opinion you express from personal observation of their works?—As regards that particular class of works to which I have referred, namely, irrigation channels. I came to the conclusion from reports and official documents, and also from the evidence of a very competent person who has examined the works, and who has pointed out that the levels and, in fact, the entire construction, could not be improved.

3340. As an illustration of your remark that the natives are not so much behind us in agriculture as is usually supposed, I believe in many important agricultural instruments, such as the drill, they have anticipated us by many years?—I did not say, that they were not far behind us, but, considering their necessities and available resources, they are not behind-hand in agriculture.

3341. But some of their agricultural instruments show very great ingenuity, and in some cases they have anticipated what we have also introduced, have they not?—Yes. In Buchanan's work on Mysore, published 70 years ago, you will find a drawing of a drilling machine to sow twelve drills at a time.

3342. Are we to understand from your evidence that it is your opinion that, owing to the great changes that are going on in India, famines have been frequent during the last ten years, and are likely to be in future more frequent and more destructive than they have been in the past?—Certainly.

3343. I gather from your evidence that you base that opinion on some such reasons as the following: that at the present time, owing to many national peculiarities of the Indian people (into which I need not enter into now), they have a tendency to export food, and not to import food in return; and that, consequently, if by the opening up of railways or public works you facilitate the exportation of produce, the result in the end is this, that although you increase the nominal wealth of the country, yet by increasing the exports you diminish the amount of food in the country, and from the fact that the imports do not consist of food, you in the end diminish the resources which are left to the people to live upon; does that represent your view?—Certainly, you do diminish the resources that they have to live upon.

3344. Therefore it would be a very fallacious test of the well-being of the people of India simply to consider whether exports and imports were increasing, would it not?—Well, I am not prepared to say that; I mean to say that I should require to give more consideration to the case. There is one thing which I may mention, which I think has been a great cause of the fallacy as regards the resources of India, and that is, simply that the reserves of value in the country, instead of being kept, as formerly, in grain, are now kept in cash, and as cash makes more show we are apt to think that the people have increased much more in wealth than they really have.

3345. Your point is this, that by opening up means of communication and improving them, you encourage the natives to grow the products which are most suitable for the European markets, and therefore they produce less food; and although the trade may be profitable in a monetary point of view, in return for what they produce they do not obtain food, but money?—Yes.

3346. In regard to the natives of India giving evidence, you seem to think that they do not like to give oral evidence; do you think that that would be the case throughout India?—Yes, everywhere.

3347. How do you reconcile that fact with this circumstance, that lately the natives in Allahabad, Lahore, Calcutta, Madras, and Bombay, and all the more important centres of population, have signed petitions, their names appearing on the petitions, some of them presented to this House, which petitions contain the strongest allegations against the Government and the most severe censure of British policy?—Well, I think that they will do in a collective capacity what they would not do as individuals, just as a company will do things which individuals would not do.

3348. You are aware that all their names are attached to these petitions?—I am aware of that.

3349. Are you not also aware that similar strong remarks about the Government and about British rule generally appear from time to time in the native newspapers?—I think they may, but that only proves that some unknown or anonymous person has written these remarks.

3350. But all these communications are not anonymous, are they?—I am not aware whether they are or not.

3351. These things sometimes appear with the names of the writers attached, I believe, and you have no information to the contrary?—No, I have no information on that subject, except that newspapers generally are anonymous.

3352. Considering the Public Works Department and the other branches of the Government that you have investigated, you take a very gloomy view of the finances of India, do you not?—Very.

3353. In what way would you express that view?—Generally by saying that if it were not for the sale of opium to the Chinese, the country would be bankrupt.

3354. But suppose that we lost that revenue which results from opium, which we might any day do, would it not be possible to supplement it by taxation?—I do not see how it is possible, without creating very great discontent against our rule, discontent which we could not afford to have in the country.

3355. Then your point is, that some sources of revenue are uncertain, and we have so strained our sources and used up our sources of revenue, that if we lost such a source of revenue as opium we should not be able to put anything in its place?—Certainly not without creating very great discontent.

3356. Sir *Stafford Northcote*.] With regard to this tendency which you say is developing itself among the natives to store cash instead of grain, do you think it at all probable that that tendency can

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can be now checked?—No; it cannot be checked in any way, that I am aware of.

3357. Therefore, your remedy is that the Government should meet it by itself doing that which the people used to do, and which they are now ceasing to do, namely, storing grain?—Certainly, in the first instance, I look to that; secondly, that irrigation will come into play.

3358. I will come to irrigation directly; but, with regard to this particular remedy, do you suppose that the actual grain stored in the first year by the Government could be kept for an unlimited time, or that it must be from time to time replaced by the produce of fresh harvests?—Well, one particular grain in the south of India, which is an article much used (ragee) can, I believe, be kept for 50 or 60 years, or even longer; as regards the dates up to which other classes of grain can be kept I have no precise information.

3359. I want to know whether your idea is that the Government should once for all lay in a certain stock of ragee, or other grain, and keep it in reserve for some period of distress, or that it should become a regular dealer in grain, buying grain in one year, and then selling it out another year, and buying fresh grain, in order to keep up the stock?—I think that they should act in accordance with the keeping qualities of the grain. Where, for instance, it was a grain like ragee I would keep it till it was likely to spoil, and then sell it, and buy fresh from the people, or you might exchange the old for new grain. The people would not object to that if the old grain was sound.

3360. I suppose you would not confine your storing to ragee?—No; for instance, wheat in the north, and rice at other places, and ragee, and so forth, according to the grain in use in that particular part of the country.

3361. This would have to be going on all over India, I suppose?—Yes, with the exception, perhaps, of parts of the country very well irrigated, such, for instance, as certain parts which come under Sir Arthur Cotton's canal, and Tanjore.

3362. Must not that necessarily lead to a very large number of Government stores scattered all over the country, which would be regularly dealing in grain, buying and selling every year?—Not every year, because, as large quantities of the grain would be kept for a great many years, such a thing would only occur when the grain was likely to be spoiled. In the case of ragee, that would be only once in 50 years; and in the case of other grains more frequently, but that would not lead to the Government being, beyond a certain point, dealers in grain.

3363. I suppose, whenever a pressure comes, the Government are to sell this grain that they have in store, and not give it away gratuitously?—I think they should act in accordance with the circumstances of the time. If the people could afford to pay for it, I would sell it; and if, on the other hand, their lives could not be saved without giving it to them I would give it to them.

3364. Then supposing that a state of things arose in which there was not an actual famine, but in which the price of grain was somewhat higher than usual, would there not be a pressure on the Government to sell out its stores, and would it not be tempted to bring out its stores in order to get a higher price?—I think the Government should resist that temptation.

3365. How are you going to draw your line; at what point should the Government come forward?—It would require to be settled by the determination of the officers on the spot.

3366. You could not lay down any principle or rule that they were not to bring out these stores till people had died of famine?—No, I would not go so far as that; I would not let anybody die.

3367. The people are to have these stores as something to fall back upon in case grain becomes inconveniently dear?—So dear that the people would be in danger of perishing of famine.

3368. Would not the fact of their having such stores to fall back upon rather render them negligent in making exertions for themselves in order to bring grain from a distance?—It might perhaps do so; but I look upon it that the first duty is to see that the safety of life is preserved, that that is the key of the position, and that everything else should give way to it.

3369. We will grant that; but I want to see what the results of your mode of doing this are; now will not the fact of there being these Government stores in reserve operate to prevent private cultivators from storing up their own grain, or holding back their own grain?—No, I do not think so; because, owing to their general ignorance, we see that they actually sell out their grain, and I am not aware that they would be influenced in any way by the fact that there was grain in the country; they do now, notwithstanding the risks of famine, sell out their grain as one knows to a dangerous extent.

3370. Do you think that it will always be the case with the natives of India, that they will be so indifferent to the general law which governs dealers in any commodity elsewhere, that they will not care to hold back an article which they see is rising in price and likely to become more profitable?—Well, I think that in their present state of civilisation, and up to such time as the people advance very much indeed, to such a period as you could not look forward to (I believe for a great number of years), the people would act in what you may call an improvident manner, and we see that they have actually done so.

3371. Where?—In those countries where famines have existed.

3372. Where they have, to a certain extent, relied upon the Government to help them?—I do not know what they have relied upon, I am sure; but whether they have relied upon the Government or not, they have died; I do not know what their motives could have been.

3373. Do you think that it is wise to lead people to rely on the Government to help them through these crises?—Until the people are more efficiently educated, and are better able to look forward than they are at present.

3374. Do not you think that there would be considerable danger, both of jobbing and discontent, and suspicion, if the Government had stores of this kind scattered all over the country, which were to be thrown upon the market at the discretion of the Government officers?—No; I do not see what ill effects could arise from it, unless you made them into grain dealers from year to year, which is a case I am not assuming.

3375. Now, turning to your second remedy, the irrigation works, is it your idea that the Government ought to be forwarding the construction

struction of irrigation works over every part of the country where there is a possibility of famine from want of irrigation?—Certainly; that is to say, of course, where the works are in any way practicable.

3376. I suppose there are portions of India in which there is no real danger of a serious deficiency of crop, even though there be no irrigation, except once perhaps in 20 years, or even longer periods than that?—My view is, that in consequence of this exportation of grain, and the changing of the storing of values, which used to be in grain, into the storing of those values in money, the danger of famines is increasing in many districts very much, and they will be likely to become more frequent.

3377. Supposing that you carry out irrigation works, would that stop the system of exporting? —No; but it would render the supply of the crops that the people wanted, certain.

3378. How so?—Because, as a rule, water from irrigation does not fail, and a man who has a crop dependent upon it can calculate upon it; but if it is dependent upon rain, that may fail.

3379. Are there not many districts of India where the rain is quite sufficient for the rice crop 10 years out of 11, or even 19 out of 20?—Yes.

3380. Do you suppose that, in those cases, people would be willing to go to the expense that would be thrown upon them, of maintaining irrigation works which were only likely to be used once in 20 years?—They would be used incessantly, if they once supplied the water.

3381. Has it not been the case that even in the districts where irrigation works have been constructed, as in Orissa, there has been a great backwardness in taking the water?—There have been difficulties, I am aware, as regards that for various reasons.

3382. Now supposing that instead of training all your energies to this system of storing grain all over the country, and of constructing irrigation works all over the country, you were to spend your energies upon improving the communications of the country, would not that enable you, at any time of a deficiency in any particular part of India, easily to bring in food from the other districts, or from any other part of the world?—From other districts it might, if there was corn to be spared from other districts, but certainly not from other parts of the world.

3383. Why not?—Because there are no countries from which the grain can come. On the west there are no grain countries within reach. If you look at the geographical position of India you will see that you cannot expect much from outside the country, with the exception of a portion from Burmah.

3384. Would not grain come considerable distances, from the Mediterranean, and Egypt, and Australia, or elsewhere?—The carriage and expense of that would be so enormous, and the difficulties so great, that I do not think it is at all practicable to entertain that idea. I do not think that the country could afford it.

3385. Do you suppose that your system of constructing irrigation works, and of maintaining these supplies of grain, would be much less expensive than the system of improving communications throughout the country?—I think that they would be much more effectual and more permanent, and better suited to the necessities of the country.

3386. But would they be less expensive?—That, of course, it is impossible to say, because it would require a careful estimate of the various districts, and the means available for irrigation.

3387. Would you take exception to anyone who said that that system would, at all events for the present, be quite as expensive as the other, namely, the system of improving communications?—You mean the system of laying up the grain.

3388. And constructing considerable works of irrigation?—I am unable to say, as regards that; but I am quite certain about this, that, for the permanent interests of the country, there can be no question between the two.

3389 At all events, you do not recommend that system on the ground of its being cheaper? —No, I do not; but I think that it will pay better in the long run.

3390. Then, how do you understand that the funds are to be provided for these works; I understand that it is part of your wish that the public works should no longer be under a central Public Works Department, but that in each district the collectors should decide upon the works which are to be constructed?—Certainly

3391. Then are these works to be constructed out of revenue or from loans?—My view is that they should be constructed from revenue.

3392. If we are going on in this way which you describe, do you suppose that the revenue would be sufficient to bear all the works that would be required?—It would not be sufficient to bear any of them, because the Government can hardly pay its way as it is, as far as I can see, unless with very great difficulty.

3393. At present there is a theory that public works may be constructed out of loans, and that theory seems to involve the necessity of their being put under a centralised department of Government, which can exercise some control over the amount expended with reference to the financial position of India. Would it be possible to give to collectors scattered all over the country the same discretion that you can give to the department of Public Works?—It would be much better, because I think that the collectors, from their contact with the people, would be much better judges.

3394. But I am speaking financially as to the effect that this would have upon the finances of India. Would you, then, allow the collectors all over the country to be the judges of how much money should be borrowed?—No, I would submit their recommendations to superior authorities at the head of the Government. I would have these men general officials, not special men like engineers.

3395. When these requisitions come to the supreme Government ought there not to be some department in the supreme Government that would be able to judge how far they were reasonable requisitions?—Yes.

3396 And that department must be a department of public works, must it not?—It might be a department of public works, but not of engineers, because the men who decided these things should decide on general grounds.

3397. If a collector stated that he wished a certain work to be carried out, and that in his opinion it would cost a lac of rupees, ought not the

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the Government to have the means of forming a judgment as to whether that estimate was reasonable or wholly insufficient?—I think that the collector aided by the engineer should be able to send to the Government a sufficient report, so that you would have an engineering opinion and a means of estimating the value of the work carefully; but the governing power would be in the hands of the collector, who is nearest to the people, and would be the best judge of what ought to be done first and what second.

3398. Have you had any experience of engineering estimates?—No further than that I have observed the delays consequent on this system of estimates, going backwards and forwards.

3399. Have you ever heard that estimates are frequently made by engineers which are ridiculously insufficient for the cost of the works?—No, I have no particular information on that point.

3400. Have you never heard of great works undertaken in India, which were expected to cost perhaps a lac of rupees, and have ended in costing five or six lacs?—Yes, I have heard generally of estimates being exceeded; in fact I believe that they do generally exceed the estimate.

3401. But if you put the task of framing these estimates and recommending these works, into the hands of engineers scattered all over the country, and directly responsible to the several collectors, would there not be much greater risk of those estimates being insufficient, than there would be if they were controlled by a competent staff of engineers at head quarters?—As regards the initiation or priority of works, I think that the collector should have that initiative power, and then if it was proved subsequently, on the report of the engineer, that the work would not pay, the collector should have the power of saying on what object he would next spend the money for the good of the district.

3402. Cannot the collector now, if he sees that a certain work is desirable, recommend it to the Government?—Yes; but he often gets into collision with the engineers, and a friend of mine has left the Revenue for the Judicial branch of the service from that fact. I have come to the conclusion that it is impossible to avoid this clashing.

3403. Will you tell me exactly how you would organise the matter, so as to avoid that clashing for the future?—I would simply put all works of irrigation, and all important works, under the charge of the revenue authorities, who are next to the people; the interest of the revenue authorities and the people are identical; they both want to develope the country, and their interests are precisely the same.

3404. The revenue authorities, we will suppose, come to the conclusion that certain irrigation works which their engineer estimates at a lac of rupees, would be very desirable (that is granted); now, that lac of rupees, I understand, is to be furnished some way or other by the Government of India?—Yes.

3405. It may be that the Government of India (we are proceeding on this hypothesis) will have to borrow that money; now, when the revenue officers of Mysore send up to the Government of India an estimate for a work costing a lac of rupees, do you understand that that is to be provided for them by the Government without any voice on the part of the engineers in the direct employment of the Government?—Yes; I think that the engineers should simply be the servants of the revenue authorities. Of course it would appear by the estimate whether the work would or would not pay; but the collector should have the power of selecting which work, and if that work can be proved to pay, the engineers should carry it out.

3406. Do you know anything of the works on the Godavery?—No.

3407. Do you know that they have proved enormously more expensive than they were expected to be?—Yes; I am aware of that, generally.

3408. Mr. *Lyttelton.*] I will read you one or two opinions which Mr. Ashburnar gave us on the 19th of March last, from which, probably, you wish to express your dissent, so that we have the two opinions side by side. In answer to Question 2137, Mr. Ashburnar states that one of the chief causes of the low standard of agricultural produce is, that "that the greater portion of the manure of the country is consumed as fuel;" I think I understand you to state that manure is in no way spoilt by being burnt?—The dung of lean cattle is only inappreciably so. I had reason for my own purposes to take the advice of a chemist on that subject, and to read works on the subject. You will find that a great per-centage of the valuable matter that that dung contains will not be injured by being burnt as long as the ashes were returned to the soil. Owing to the fact of manure being collected from the highways and plains solely from its value as fuel, it may even be said that the country gains by cow-dung being used for fuel.

3409. Is it the fact that they are returned to the soil by the natives?—Yes, certainly.

3410. In answer to Question 2168, Mr. Ashburnar states, that "the soil is extremely fertile: it only wants proper culture to be extremely productive." He states, further on, that he was speaking of a portion of the country with which he was familiar, but he had no doubt that it was general throughout India; you would probably express your strong dissent from that?—I have no doubt that in some districts the soil is fertile; but, speaking generally, I should say the contrary.

3411. Do you regard his estimate of the proprobability of the soil producing three or four times its present produce as quite extravagant?—That is quite impossible; in fact, the means do not exist in my part of the country for improving the cultivation at all.

3412. In answer to Question 2232, he states that in Mysore "almost every village has its tanks: under General Cubbon's superintendence, he took care of that"; that is rather at variance with your evidence, I think?—An immense number of tanks are out of repair in Mysore, generally estimated at about one-fourth.

3413. "Almost every village has its tanks," he states?—It may be in a great measure true, that every village in the interior of the country has a tank; but at the same time there are still a large number of unrepaired tanks in the country; but really I do not see how it could have been ascertained that every village has a tank sufficient for its own irrigation; you come across villages where you find a large number of tanks out of repair.

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3414. Is it your opinion that there has been a time when Mysore was better supplied with water than at present?—Undoubtedly; in going across the country you meet with a large number of tanks that have been broken down and never repaired.

3415. Before our rule?—Yes, I believe it was before the period of our rule; but, in fact, I am not aware that there are any exact reliable statistics on these points, as regards that period before our rule.

3416. Lord *E. Fitzmaurice.*] With reference to the Government store of corn, I think you said that you would make the natives pay whenever you could, supposing that the Government did store corn?—Yes; but I would certainly never commence to sell till I found that the famine really had commenced

3417. I suppose you think that, in most cases, natives would be able to pay?—Yes, I think so, unless the famine was unusually prolonged.

3418. You think that the increased prosperity of the country would give the natives money in hand, and with that they could buy the corn?—They could for a certain time tide it over.

3419. On whom would you throw the responsibility of saying when the Government stores should be opened?—On the Government officers on the spot.

3420. With any direction or without any direction?—They would naturally report it in due course; but if the Government refused on the representations of officers on the spot to afford relief, I would throw the responsibility on the Government.

3421. With reference to importing corn into India from the Mediterranean and elsewhere, as suggested by Sir Stafford Northcote just now, would there not be this further objection, that by the time the corn could have arrived, the famine would have had time to produce its worst effects?—Yes; you would have to consider, in the first place, that it would have to come by steamers down the Red Sea; and, in fact, the cost of the corn would be something that neither the people nor the Government could bear. The inland carriage, except 130 miles, costs about 3 *l.* a ton, and if you calculate the total amount, it would be something tremendous for corn brought from such distances.

3422 I am looking now not to the question of cost, but the mere question of time; supposing that famine broke out, it would be almost impossible, I suppose, to import foreign corn from a considerable distance to produce any good effect in time?—Yes; from the European side it would be quite impossible; but from the Burmah side you might get corn over in time to afford relief.

3423. In a matter of that sort, would the making of the Suez Canal make any appreciable difference?—No; in fact the means do not exist for carrying any such quantity of grain by steamers, I think.

3424. Mr *J. B. Smith*] Did I rightly understand you to say that it was the duty of the Government to supply works of irrigation, whether they paid or not?—Certainly, I would supply them whether they paid or not, unless the loss on them would be something enormous; but I do not think that we should be governed by considerations of immediate returns.

3425. But in cases where there are works of irrigation, and the land is able to be irrigated, does it not increase the value of the land?—Yes, certainly.

3426. And are they not capable, therefore, of paying an increased rent for the land?—Yes.

3427. And would not that increased rent of the land pay the interest on the outlay for the irrigation works?—That is a matter, of course, involving a great deal of calculation. I have no doubt that, in a majority of instances, it ought to do so.

3428. Are you aware whether that has been the case with works of irrigation?—I believe that some irrigation works of India that have been carried out are said not to have paid, or a very small sum in the way of direct returns.

3429. Have you heard of the irrigation works of Rajahmundry?—I have heard of them, but I have no exact information about them.

3430. Sir *D. Wedderburn.*] With regard to the difficulty of controlling the expenditure by the local authority, would not the best plan be that a certain portion of the revenue of each district should be allocated for local improvements?—Yes.

3431. I mean to say, if the Government of India were to leave to each district a certain portion of the land revenue to be spent on local improvements, those improvements to be made at the discretion of the local officers?—Yes.

3432 Mr *Beach.*] A famine is caused by a great dearth of rain, in the first instance, is it not?—Yes.

3433. How long does that occur before the famine?—I have no exact information with regard to details.

3434. But, generally speaking, it would be, say, a want of rain in the spring?—The want of rain in the crop season would prevent any crops that year; but it is difficult to give an answer to that question, because in some countries where drought occurs other kinds of crops might be put in.

3435. Are there not generally certain symptoms of an approaching famine?—Yes, the absence of rain, and so forth; you may predict a famine to a certainty in many cases.

3436 Would there not be some opportunity, therefore, of taking means to counteract it?—If the means were already in existence. You could counteract the famine by having grain ready; but it is very questionable whether exertions after the famine was in full swing could materially stop it.

3437. You said, in answer to a question from an honourable Member just now, as to whether there would not be time to obtain an importation of grain from distant quarters, that there would not?—Not from Europe. If it came by sailing ships it would never reach in time, and if by steamers it would not pay to bring it, and I doubt whether the steamers are in existence in the world that would carry such a quantity of grain; but I think it is beyond calculation in that way.

3438. Sir *Stafford Northcote.*] Did you hear much about the famine in Orissa?—No.

3439 Did you ever hear it said that there was a want of judgment on the part of the Government officials, which to some extent aggravated or failed to prevent the sufferings from that famine?—Yes, on the part of the officials at head-quarters; there was what the Government called an incapacity to believe in the nature of the crisis at head-

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head-quarters; and that, I think, induced the officers on the spot (so it was generally understood) to send in modified reports; in fact, not to the full effect that they otherwise would have gone to.

3440. You do not think that such errors in judgment would occur if the country had stores of grain kept in it at the disposal of the local officers?—That might be liable to happen, but it would be in the case of two evils choosing the least.

3441. Mr. *Fawcett.*] In what way, considering the exceedingly unsatisfactory financial position which you consider India to be in at the present moment, would you suggest an improvement to be made?—The only thing is to keep down expenditure.

3442. But, as the result of your studies, and your personal knowledge of India, have you any particular suggestion to throw out with regard to the keeping down the expenditure?—I have not advanced sufficiently far to be able to speak on that point.

3443. After your evidence it is evident that the Government of India has no disposable balance at the present time?—No, not that I am aware of.

3444. But you propose that these irrigation works should be carried out from revenue, not by loan?—Certainly.

3445. But if they have no disposable balance, where would they get the means to carry them out?—But you must get a disposable balance by reducing the expense of the administration of India.

3446. I think you have expressed the opinion, have you not, that one way of diminishing those expenses would be to employ more native agency?—Undoubtedly.

3447. For instance, instead of employing engineers from England, to avail ourselves more largely of engineers from the natives?—Certainly.

3448. I believe you have expressed the opinion that many branches of administration are unnecessarily costly, such as the Board of Revenue in India?—Yes. The fact is, that I have not looked sufficiently into the subject to be able to answer positivly; but, for instance, as far as I can see at present, the whole of the Board of Revenue at Madras, which costs about 1,400 *l.* a month for the salaries of the head officials, and an enormous expenditure besides, for clerks, printing, and so forth, might be done away with, and its place supplied by a secretary to act between the collectors and the Government.

3449. Then your general conclusion is, that we govern India on too costly a scale?—Far too costly in proportion to its means.

3450. I think you hold the opinion that very great evil results from their not being sufficient communication between the Europeans and the natives?—Yes, there is no channel of communication between the Government and the people, or between the people and the Government.

3451. Have you any suggestions to offer with a view of establishing such a channel of communication?—I would establish such a channel by having small councils of the natives in each county or talook, and have these men summoned from time to time, and communicate to them the intentions of the Government and news as regards Government enactments, and also ask their opinions upon the wants and requirements of the people; and I think that such a system as that would develope in time into something very useful.

3452. How do you propose, in the first instance, that these councils should be appointed: would you propose that they should be nominated?—I would let them be arbitrarily taken; let the head of the county select five or six, or 10 of the most influential men from the village, and call upon them to attend once a month, or as often as was expedient.

3453. You propose that they should be natives nominated by natives?—Yes.

3454. And in the end, I suppose, you contemplate perhaps that it would gradually lead to some kind of representative institutions?—Yes; I would first of all accustom the people to the idea that the Government had something to communicate to them, and they to the Government, and you might develope that system gradually towards representative institutions.

3455. Then you would govern the country more according to local wants than according to specific rules laid down applicable to the whole country?—Yes.

3456. Have you not expressed an opinion that one great obstacle to there being any communication between the natives and Europeans is, that the Europeans, even when they know the native language, do not know the colloquial language in which the natives speak?—That is so; I do not think that in the south of India you would find more than half-a-dozen Europeans who would be able to enter into a conversation with a peasant of the country.

3457. Although many of these Europeans would be described as knowing the native language?—Yes. It would be just as if you were to talk to a labourer in the street here in the langauge of Chaucer. When a man has got the highest Government prizes for knowledge of the classical language, he might go into the villages and not find a single man who knew what he was talking about.

3458. You think pains should be taken to alter that state of things?—Yes; unless they could speak to the natives readily, of course there would be no means of communication except through an interpreter.

3459. Have you any other point on which you would like to express an opinion, to which your attention has not been directed?—There is a point, I think, perhaps worth mentioning, and that is this: if you increase in India very largely the area of dry crops you will encroach considerably on the pasturage for cattle, which I think an important point, and of course it is in favour of advancing the resources of the country by means of water, which would largely increase production, without breaking up the lands at present left for pasture.

3460. Have you not expressed an opinion that a subject of very grave importance is, that the natives are each year retaining a smaller amount invested in English securities, in our Government loans?—Yes; their stake in our funds seems to have been decreasing; and if you look at the end of that Blue Book, it seems to have decreased steadily to the extent of more than 1,000,000 *l.* within the last few years. What the amount of decrease has been since the mutiny I do do not know altogether, but there has been a decrease.

3461. Then your point is this, that the seriousness of the state of things is greatly increased when it is borne in mind that, as the financial stake of England increases in India, the stake of the Indian people in the debt of India diminishes?—Yes.

3462. And you think that that is going on at the present time?—Yes; it is due to a want of confidence on the part of the people in the Government; and I myself share that so far that as a trustee; whereas three years I recommended money to be invested in Indian securities, I felt it my duty, the other day, after careful consideration, to recommend these funds to be sold and invested in securities in this country, and I am not surprised that the natives, feeling doubts of the stability of our rule in India, should diminish their stake in the debt.

3463. Why during the last three years has your belief in the stability of our financial position in India so much diminished?—From the great increase of indebtedness and the generally expensive nature of the Government, from the tendency shown to resort to oppressive and novel forms of taxation, and in fact from the general tendency shown to go from bad to worse, to increase our risks.

3464. Then you think that the gravest danger that we have to contend against in India is coming financial embarrassment?—Undoubtedly; our stake in India is so large that a very slight disturbance would derange our finances hopelessly, and I think that the natives foreseeing the possibility of that, decline to trust their money with us. In fact, I know that a native expressed that opinion to a European gentleman, a friend of mine, who asked why he did not invest; he said that the Empire might go to smash, and he would sooner have the money in his pocket or under the ground.

3465. Therefore, you would draw this general conclusion, that nothing would so much tend to render our rule in India more secure as to exercise greater care, with regard to our financial position there, so as to improve it?—That is the key of the position.

3466. Mr. *Dickinson.*] Can you tell us in what way the natives do invest their money?—From my own experience I observe that the natives are fond of taking out their money during trading seasons, buying what they can from their neighbours, taking it down to the coast and selling it, and putting their money away again.

3467. In fact, being their own bankers and investing in trade?—Yes; that is in our particular locality.

3468. That is generally the case with all small places in India, is it not?—I should say so.

3469. They are their own bankers, except when they want to trade, and then they are their own traders?—Yes.

3470. They do not invest in the English Government securities, I suppose?—No.

3471. Nor do they give their money to the Indian Government for investment?—No, they have no confidence, I believe, now at all.

3472. Lord *E. Fitzmaurice.*] Have you given any attention to the opium trade?—Not any particular attention, further than generally reading the evidence on the subject, with a view to informing myself of it.

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3473. Do you consider that the opium trade returns are likely to go on diminishing, owing to the growth of opium in Persia and China?—I think that is a matter of certainty, owing to the fact that I believe the Chinese are now growing as good opium as can be produced in India.

3474. And it is also produced in Persia, is it not?—Yes, there has been a considerable export from Persia to China.

3475. You were mentioning that the natives (and I suppose you included native princes) were beginning to have doubts as to the stability of the English Government; I remember reading a few days ago in one of the last financial statements of Sir Richard Temple, that a native prince had advanced a large sum of money at 4½ per cent. to the Government for the making of a railway; that does not quite tally with want of confidence, that is even a lower rate of interest than the current rate?—Yes, I am aware of that, but one swallow does not make a summer. I think we must look to the general fact that the total stake of the natives is diminishing, without our being able to give any reason except the want of confidence. Unless we found out all the particulars as to that loan, to which you have alluded, the character of the individual, and so on, I should not attach much importance to it.

3476. Mr *Lyttelton.*] There is no want of confidence in Indian securities on the part of English investors?—No; and there is no limit to their ignorance. I have found a great many intelligent gentlemen whom I have met with in this country, who were under the idea that they were lending their money to the Indian Government on the security of the English Government. If the fact was generally known in this country that it is not lent on that security, you would not get money invested as you do now.

3477. Lord *E. Fitzmaurice.*] You do not think that the sort of reasoning gone through by investors is something of this sort, that if Indian securities and India generally were coming to grief, it would be almost equivalent to England itself going to grief. I once heard a saying which I believe was fathered on as important a person as one of the partners in Coutts's, that Indian securities were as safe as English securities, because if India was ruined, England would be ruined also?—By the time that our total amount of indebtedness in India amounts to 300,000,000 *l.*, and we have given hostages to them to that extent, they will simply have us in their power, and our power will be at an end, practically, with reference to what it was, say 30 years ago.

3478. Have you given any attention to the movements among the religious sects in India?—No further than reading generally.

3479. Do they extend as far south as Mysore?—I had private information the other day of a movement at Trichinopoly in the south of India, where a missionary, supposed to be a Wahabee, was holding meetings and so forth, but I have no exact information to give the Committee.

3480. Sir *Stafford Northcote.*] You have painted us rather a gloomy picture, and I do not think you have quite shown us what the way out is; I understand you to say that it is important that we should expend more money upon the improvement of the country, especially in the way of irrigation works, and the provision of grain to meet famine, and at the same time that we ought not

not to add to the indebtedness of the country?—Yes.

3481. I understand you also to say that you are not at present prepared to suggest any such extensive reduction of expenditure as would enable us to accomplish the former of those objects, without adding to the indebtedness; is that so?—Yes. The reason why I decline at present to state my views on that point is because I have not properly worked them out, and I do not like to commit myself. I have got a scheme for working the country in a manner that would pay; but till I have gone through the different branches of the administration (I am on the revenue now), I do not think I should be prepared to point out the way out of it. That will probably appear in "Fraser's Magazine" in the course of a month or so, and certainly in the new edition of my book. The outline I could give now would be so crude that I do not like to say anything till I have continued my investigations much further.

3482. To which of the two objects do you attach the greatest importance, the development of the resources of the country and the preservation of the people, or the keeping down of our debt and of our expenditure generally?—Well I think that with a view of warding off famines, I would even be prepared in certain parts of India, for that special object alone, to incur a little more indebtedness, but not beyond that extent; but as to incurring further indebtedness on the part of this country, as, for instance, in large extension of railway works, or sending British capital to India, I consider it inadvisable, because the more we increase our stake in India the more we increase our risks, and when these risks become very great, then our power in India will practically have passed into the hands of the natives.

3483. Do you mean that you would stop works of a general character for what is called developing the resources of India?—I would stop all works for developing the resources of India at present, except irrigation works.

Tuesday, 16*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Fawcett.
Sir Thomas Bazley.	Lord Edmond Fitzmaurice.
Mr Birley.	Mr. Robert Fowler.
Mr. Cross.	Mr. Lyttelton.
Mr. Dickinson.	Mr. M'Clure.
Mr. Grant Duff.	Mr. John Benjamin Smith.
Mr. Eastwick.	Sir David Wedderburn.
Sir James Elphinstone.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, called in; and Examined.

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3484. *Chairman* (to Mr. *Gay*).] WHAT is your employment in India?—My office is Deputy Comptroller General.

3485. Were you in India when the Report of the Committee of last year was made?—Yes.

3486. And did you receive any instructions to give effect to the recommendations in that Report by the preparation of detailed explanations of the expenditure?—Orders were issued by the Financial Secretary in October last, and in January I received orders to prepare to bring home the accounts as soon as they were ready. I have now brought home the accounts in the greatest detail in which they could be prepared; but further explanations on certain reserved subjects will follow from the Government themselves.

3487. You have not had time, I think, to have any accounts printed in more detail than the one before us?—No; I have a few proofs of a form that was set up in India, but not sufficient for distribution to the Committee at the present time.

3488. Can you give us now, from the memoranda and papers that you have, a full explanation of the various items which appear in the account before us?—I can give a great deal of explanation, but it will be necessary on certain subjects to wait for the full explanation to be furnished by Government.

3489. We will begin with the item of "Repayments, Allowances, Refunds, and Drawbacks, 356,431 *l.*," appearing in the account; under what headings are those various refunds made?—They are under the principal heads of revenue, and under certain miscellaneous receipt heads

3490. Would it be practicable to make any comparison between that item as now shown in the accounts, and the item in the accounts of previous years?—No, not for the year 1856-57, and not until within the last few years.

3491. Why is that?—Because formerly the practice was to show receipts net; they are now shown gross, and the refund shown as a charge per contra.

3492. Then there was formerly no sufficient form of account made up under the heading of Refunds?—No.

3493. Will you state the headings of revenue under which these refunds arise?—The headings are Land Revenue, Forest, Excise, Assessed Taxes, Customs, Salt, and Stamps.

3494. And what is the total of all those Refunds and Drawbacks?—The total is 199,070 *l.*

3495. What are the other heads of Refund?—The miscellaneous heads are Post Office, Telegraph, Law and Justice, Police, Marine, Education, Interest, and Miscellaneous.

3496. What do they amount to?—£. 96,431.

3497. Is there any other head?—There is a head of Drawbacks under Customs amounting to 60,930 *l.*

3498. Do those three items make up the total?—They make up the total of 356,431 *l.*

3499. What is the nature of these revenue refunds; can you state it generally, beginning with the land revenue refunds?—The land revenue refunds are chiefly the return of erroneous collections, in cases where collections are made, and afterwards, on appeal to the superior revenue authority, the appeal is allowed and a refund is made.

3500. And what, as an illustration, does that item amount to?—(Mr. *Harrison.*) I think I should explain that the largest refunds under land revenue occur under awards of the Courts of Law.

3501. (To Mr. *Gay.*) What does the refund for land revenue amount to?—£. 72,050.

3502. Then, as another illustration, what are the refunds of the assessed taxes, are they of the same character?—No; a large sum here is a return of a local tax on trades in the Central Provinces, of which one-half is allotted to a local fund for municipal purposes.

3503. Mr. *Eastwick.*] What page is that at?—That is on the same page, in the item of assessed taxes. (Mr. *Harrison.*) That applies to a sum of 13,000 *l.* out of 40,000 *l.*, which is the total refund on account of assessed taxes. Upwards of 13,000 *l.* represents half the produce of a tax, known as the Pandhri tax. It was a tax in existence in the Central Provinces before the imposition of the income tax; and the assessments under it were allowed as an abatement in the assessment for the income tax.

3504. *Chairman.*] What is the rest of the refund of the assessed taxes chiefly composed of?—They are the ordinary refunds under appeal to

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to the Boards of Revenue or Commissioners empowered to deal with appeals.

3505. Is the salt refund, and are the stamps refunds, of the same character?—The refunds of the salt duty will mainly be the amount allowed for short delivery of salt from the ship's side; the duty being paid before delivery is allowed to be taken.

3506. What is the amount of that salt refund?—It is 31,000 *l.* in all, of which 29,500 *l* is in Calcutta.

3507. Is that where the Government are still selling the salt?—No; it is mainly imported salt, and the duty being paid before delivery is allowed to be taken, in fact before it is passed over the ship's side, where the amount proves to be less than that on which duty has been paid, a refund is allowed, which appears in this part of the account

3508. What is the amount of the stamps refund?—For the most part this will be the allowance which, until a recent change in the law, was allowed to be made in the case of the compromise of suits before they came on for hearing before the courts. In those cases half the value of the institution fee, which was paid by stamp, was allowed to be refunded Such refunds will no longer occur. In addition to the above, there is the allowance for spoiled stamps.

3509. What is the total of that?—The total under stamps is 35,000 *l.*

3510. What is the chief item of miscellaneous refunds?—We have classed as miscellaneous refunds 96,000 *l.*, being the refunds under various heads. The chief item is the refund of judicial fines. Such refunds are made under the award of appellate authorities. The whole of the refunds under law and justice amounted to 43,000 *l.* for the whole of India for the year.

3511. In regard to the Customs the drawbacks that you speak of would be the yearly drawbacks on the export of goods which have paid import duty?—Yes.

3512. Sir *C. Wingfield.*] About that refund of 14,000 *l.* out of the proceeds of the Pandhri tax, ought that properly to come under the head of Refunds, because it does not appear to be the case that it was paid back to the payers, but that it was paid to the local funds. A portion of the proceeds of the Pandhri tax was always devoted to local purposes, was it not?—Yes, and you will observe that in the account of the nett revenue of the Central Provinces, No. 3, of this series, page 14, it is deducted before stating the net proceeds of the tax. The gross receipts under assessed taxes for the Central Provinces as stated in the first column of the account at page 14, at 66,000 *l.*, and the third column shows the nett receipts, the clear produce of the tax, 52,000 *l.*

3513. That was a natural application of the proceeds of the tax. Why does it appear as a refund, because I understand by a refund a giving back what has been paid?—I do not think that it is stated as the clear produce of the tax, but, as I have just explained, the net produce or receipt is stated after this amount has been deducted.

3514. Mr. *Eastwick.*] Is it not rather a transfer?—It certainly could be shown in a different way, perhaps, with greater propriety, but our system has been to show all collections gross. The Government share, as well as that which is assigned to local funds, is all collected together, and is shown as the gross receipt.

3515. Sir *C. Wingfield.*] Then this receipt will appear under the heading of Local Funds?—Yes.

3516. *Chairman.*] That is, it will be credited in the accounts of the locality as received for the local fund?—Yes.

3517. Mr. *Birley.*] I suppose these refunds and allowances refer to the whole of British India?—Yes

3518. Mr. *Eastwick.*] In the land revenue you do not include any remissions on account of famine or anything of that sort, do you?—No, the gross receipts do not show the demand; they are the actual receipts.

3519. Then remissions would never be put under this head of Refunds?—No.

3520. *Chairman.*] Now we will go to the item of the land revenue charges if you please. The next item in the Expenditure Account, at page 8, is the "Land Revenue, &c.," 3,089,682 *l.* Will you be good enough to explain to the Committee what is included under that head?—That includes the cost of the collection, not only of the land revenue, but of the forest revenue, and the revenue from the Excise on spirits and drugs. The three are shown on the other side, grouped together in this abstract account. The amount relating to the Land Revenue is, 2,422,856 *l*; Forests, 373,349 *l.*; and the Excise on spirits and drugs, 293,477 *l.*

3521. Those three items make up the total, I suppose?—Yes.

3522. Can you give us a detail of the item of the land revenue first, and, at the same time, can you institute a comparison between that and the charge of the same kind in 1856-57?—The amount of 2,422,856 *l.* may be divided in this way for the whole of India. It includes 1,607,199 *l.* for the collectors and deputy commissioners and their establishments.

3523. But when you use the word "their establishment," do you mean their clerks merely in their offices, or do you mean any police, or any persons of that kind?—The clerks in their offices and the subordinate revenue establishments throughout their districts

3524. Such as collectors and clerks of all kinds?—Collectors and servants, and the contingent expenditure connected with those establishments. Then there is a sum of charges on account of Government estates of 24,361 *l.*, and charges of land revenue collections, as they are termed, 84,900 *l.* (you will find it at page 21 of this recast of the account). The revenue survey charges amount to 228,104 *l.*; the land settlement charges, 244,389 *l.*; the Inam Commission 2,651 *l.*, and allowances to district and village officers 230,952 *l.*

3525. That, together, will make the sum that you have stated, 2,422,000 *l.*?—Yes.

3526. With regard, then, to the first of these items, the Collectors' and Deputy Commissioners' Establishments, can you institute any comparison between that charge and the charges that existed in 1856-57?—To do so I would take them by provinces. Under the general government of India the charge in 1856-57 was 7,097 *l.*; in 1870-71, 8,684 *l.*, an increase of 1,587 *l.*

3527. What is the character of that increase?—The charge represents the cost of the administration of the Coorg district and of the establishment employed there, costing a little less than 10,000 *l.*, this is a variation which is not very easy to explain. It is not an important variation, and

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and the particulars available of the year 1856-57 are not sufficient to enable me to explain it.

3528. We will take the next item then?—In Oude there is an increase of 7,438 *l.* on a cost, in 1856-57, of 54,886 *l.*

3529. How does that arise?—This arises from a revision which was made in the year 1866 of the scale of pay allowed throughout the province. In 1856-57 the province was a new acquisition of the British Government, and the whole scale required revision (which was applied in other provinces at the same time) in 1866. The effect was to raise the average salary of the deputy commissioners and district officers in Oude from an average of 1,225 *l.* to an average of 1,933 *l.* There was no change in the number of these officers, but there was a considerable improvement in the rate of pay.

3530. That would appear to be a very large increase in the sum assigned for the pay of the officers; on what grounds was this large increase given?—This is a question affecting not only the Province of Oude, but also the Central Provinces, the Punjaub, and Burmah. The reasons which induced the Government at that time to make the alteration have not been communicated to me: it was the wish of the Government that these should be placed before the Committee in a communication which they propose to make immediately.

3531. But would not the grounds of this increase to so large an amount be sent at the time from the Government of India to the Secretary of State for India in Council?—No doubt.

3532. And could you not find here what would be much more valuable than anything now written, the record which was then made of the grounds for doing it?—I know that in the year 1864 the subject of the great differences that existed between the salaries in the Lower Provinces of Bengal, in the North-West Provinces, in the Punjaub, and in Oude, was brought by the Government of India to the notice of the Secretary of State. It was represented that there was a most irregular distribution of civil servants, all preferring, and naturally preferring, service in the better paid provinces. The proportion, it was thought, of civil servants was too small in the provinces that were administered by a mixed commission, as was the case in the Province of Oude, where the administration was provided for, partly from the Civil Service of the Government and partly from the officers selected from the military service; and at the same time, in the North Western Provinces, the crowding of civilians had produced a stagnation of promotion. At the same time I have reason to believe that it was pointed out, that the salaries attached to the deputy commissionerships in some Provinces, particularly, I think, in Burmah and in Assam, were too low for the duties.

3533. Were the deputy commissioners in these provinces, civilians or military?—Military; and it was pointed out, that if the revision were extended to the officers of that class, it could not fail to involve very considerable increase of expense. In consequence of this representation, the necessity for a revision of the scale of pay was recognised by the Secretary of State, who observed, in regard to it, in addressing the Government of India, that upon entering upon this revision, Her Majesty's Government did not consider it necessary to fix any maximum of increase, that the state of the finances obviously required that no avoidable expense should be incurred; but at the same time it was of paramount necessity that the servants of Government should be adequately remunerated for the duties that they were required to perform. In consequence of this permission, schemes were prepared for a revision of the scales of the salaries of the several provinces, that is of the Punjaub, Oude, the Central Provinces, and British Burmah, including Assam and the Chotanagpore Division administered by the Government of Bengal.

3534. Those would seem to be provinces that had not had what is called the regular administration of the Civil Service, but were all carried on by officers specially selected, were they not?—Quite so.

3535. Was the effect of this change to raise them all up to the standard of the ordinary Civil Service administration?—No. In Oude, I have stated that it raises the pay of the district officers; that is to say, the officer at the head of each district, to an average of 1,900 *l.*; but I find the effect is not the same in every province. In the Central Provinces, which we shall come to presently, the average pay appears to be something less than 1,700 *l.* In the regulation Province of Bengal, the average pay, I think, is almost exactly 2,000 *l.*; and in Burmah, it is between Oude and the Central Provinces; the rate there is 1,877 *l.*

3536. Can you explain the grounds upon which these various scales were fixed?—No. I think it has been partly dependent upon the number, the object having probably been to afford an equal prospect of promotion. In Oude there are 12 deputy commissioners and 18 in the Central Provinces, and with the lower number, I presume, that it was considered necessary to give a somewhat higher average remuneration to secure about the same prospect of advancement in each case.

3537. What was the standard of pay then of the Central Provinces that attracted the officers at that time, because you say that they were discontented at being lower paid than the Commissioners in the North Western Provinces; what was the pay at that time being given in the North Western Provinces?—Before the revision in Oude the 12 Deputy Commissioners were paid at the following rates. There were four at 1,500 rupees monthly (which is the way the pay is estimated), that would be 1,800 *l.* a year; four at 1,440 *l.*, and four at 1,200 *l.* The present scale is four at 1,600 *l.* (that is the lowest scale); four at 1,900 *l.*, and four at 2,100 *l.*?—In the North Western Provinces there are 27 collectors whose salary is 2,250 rupees monthly, or 2,700 *l.* a year.

3538. All of the same standard?—All of the same standard.

3539. Has any step been taken to reduce these salaries down to the lower standard that has been established for the other provinces?—There has been no change.

3540. They are still taken as the standard up to which everything may ascend?—That standard is still in existence.

3541. Can you state how far the circumstances stated in this explanation that you have now given have operated to increase the expense of these establishments from (taking them in gross for the different provinces) 1,317,820 *l.* in 1856-57?—There is an increase on the whole of about 300,000 *l.*;

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300,000 *l.*; it is 289,379 *l.* That applies to the provinces of the Punjaub, Oude, the Central Provinces, and British Burmah, and what are known as the non-regulation districts of Bengal, that is Assam and Chotanagpore.

3542. Then has there been any increase in the North Western Provinces? — In the North Western Provinces there has been very little change. There is an increase in the figures which I have shown of 22,000 *l.*, but that is for the most part nominal; 20,000 *l.* of that represents a charge made by the Post Office for official postage to which there is nothing corresponding in 1856–57.

3543. Then with regard to Madras, what has been the increase there?—In Madras the figures do not show the true state of the case; for the figures show an increase of about 37,000 *l.*, whereas, in fact, there has been in Madras a saving in the cost of establishments. Compared with 1856–57, the salaries of collectors and assistant collectors in Madras show an increase of about 15,000 *l.* on 84,000 *l.* to 98,900 *l.* But that is not due to any increase in the scale of remuneration, and seems to be nothing more than an increase in the number of assistant collectors; a large number of young men having been sent out have caused an increase of 15,000 *l.*, which is variable, and will be less in other years. On the establishments below the collectors there has been an actual saving. The cost in 1856–57 was 193,000 *l.*, and in 1870–71 it was 185,793 *l.*

3544. Will you explain what I understand you have just said, that in consequence of an increase of the young civilians, there was an increase in the number of paid collectors?—No; their salary is included in the same total as that of the collectors, and has increased the annual charge, although there is no increase in the number of collectors or in the rate at which they are paid.

3545. I do not understand, then, how they are charged in this account, if they are not used as collectors or assistant collectors?—They are attached to the collector's department, and their pay forms part of the sum of 98,900 *l.*

3546. Then does that account for the whole additional charge?—That accounts for the whole additional charge.

3547. This expenditure, which I understand to be an increase of 36,000 *l.*, seems to be a large sum to arise from employing more young civilians; there would hardly be so many as that, would there?—There is a very considerable increase in their numbers. There were in 1856–57, 22; and in 1870–71, 54; that is an increase of 32.

3548. They were subordinate officers, giving effective service in the supervision of the revenue?—Quite so.

3549. With regard to Bombay, what has been the increase?—In Bombay there is an increase of 156,842 *l.*, an increase from 208,000 *l.* to 365,000 *l.*

3550. Mr. *Fawcett.*] Very nearly double?—It is more than 50 per cent.; about 75 per cent., I think.

3551. *Chairman.*] Will you be good enough to explain how that large increase has occurred?—Under the head of "Salaries" there is very little change beyond an increase of 16,000 *l.* due to the same cause at Bombay, a large number of junior civil servants having been sent out, and to an increase in the number of deputy collectors.

3552. Will you state the increase in the number of junior civil servants?—The total number of the Bombay Civil Service has increased from 149 in 1857 to 175 at the present time.

3553. Can you state any other cause of increase?—The principal cause in Bombay is not an increase in the salaries, but it has been due to the action of the Government in commuting the claims of village officers who hold lands on service tenure, who are termed "wuttundars," or hereditary holders. These services have been dispensed with on payment to the Government of five-sixteenths of the annual value of the land held by them, and the duty has been provided for by paid servants of the British Government. This accounts for an additional charge of about 50,000 *l* out of the 156,000 *l.*

3554. Does the Government get any compensation or set-off against that additional charge?—It is fully represented by an addition to the land revenue.

3555. The hereditary holders of these offices, who hold land in compensation, pay revenue for the land instead of performing the duties?—That is so.

3556. Will you go to the next item?—There is about 20,000 *l.* due to the same cause as I have noticed elsewhere; the inclusion in the later accounts of the charge for postage.

3557. That is nominal?—Yes. Then I find that there has been an increased outlay for the travelling expenses of collectors and Government officers, who of late years have been required it seems to be very much more in movement than was the case in 1856.

3558. Does that make up the whole total, do you think?—It does not quite make up the whole. The remainder may be said to be nominal. It is an increase in the amount of service lands adjusted, and is balanced by a similar amount on the revenue side of the account.

3559. That is to say, the Government has undertaken some special services that were performed by the holders of the land, and has charged them with the land revenue?—I understand it to be this, that the result of the inquiries of the Inam Commission was to bring to light many cases in which lands were found to be liable to services.

3560. And then the Government took the composition in lieu of those duties, and performed the duties themselves?—I think that is the case. I was referring to this, that in 1856–57 the revenue derived from what are called revenue service lands in Bombay amounted to only 12,000 rupees, and in 1870–71 to 214,000 rupees.

3561. Will you kindly state the general result with reference to the increase of charge in respect of the provinces that we have been going through?—The general result is to show a net increase of 289,379 *l.*

3562. From what total in 1856? — On 1,317,000 *l.*

3563. I see you have disclosed, in the answers that you made, that there seems to be a system in force in India of what may be called double charge or double revenue, that you enter, as I understand, as actual revenue received by the Post Office, the charge for the services that are performed by the Government, and that then those services are charged as actual expenditure by the Government?—That is so in the case of the Post Office.

3564. Do you know whether this system of double charge is the general mode of keeping the

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the accounts in India?—No, it is not; there is another instance which we found just now, in which service lands in the Bombay Presidency appear as a charge; the circumstances in that case are, however, somewhat different.

3565. That is now, as I understand, divided into revenue on the one side, and the expenditure for services on the other?—Yes.

3566. In the case of the Post Office, there is a wide difference; it is a mere entering of the amount?—In the Bombay land revenue it is also true, though not in the particular figures that I have been dealing with (we shall come to them presently), that a large amount shown annually as land revenue is not received in any other way than by a charge on the expenditure side of the account, described as "Allowances to District and Village Officers."

3567. I am not asking with reference to the land revenue which is now so dealt with, but in reference to services performed by one department of the Government to another?—There are some other instances in which the services rendered by one department to another are charged to the department for whose benefit the service is performed.

3568. You are aware that that is not the system in the English revenue accounts; that the departments do not charge one another and make a double charge?—The same principle has been adopted in the Indian accounts; the case of the Post Office, the telegraph, and a few other instances form exceptions to a general rule.

3569. Mr. *Fawcett.*] Your evidence shows that since 1856 there has been a very great increase in the cost of collecting the land revenue?—Yes, there has been a considerable increase.

3570. According to your figures, it shows that the increase has been about 16 per cent., does it not, since 1856?—It is as much as that.

3571. I want to get at this comparison. what was in 1856 the gross land revenue, and what was the cost of collecting it; and what at the present time, should you say, is the gross land revenue and the cost of collecting it?—The gross land revenue in 1856–57 was slightly over 18,000,000 *l.*; in 1870–71 it is 20,620,000 *l.* The entire cost of collection in 1856–57 was 2,087,000 *l.*, and in 1870–71 it is 2,423,000 *l.*

3572. Does that include the whole cost?—That is the entire cost.

3573. In these charges for collection, is every charge that can be fairly brought under it charged?—I almost think that more than should properly be brought under it is charged, because this includes the whole pay of the collectors of land revenue who conduct the entire local or district administration in their jurisdiction.

3574. They do other duties, in fact?—They have other duties.

3575. But then I suppose on the other hand a certain portion of what is put under law and justice is really money that is spent in getting in the revenue, is it not?—What is done is to divide the salaries of district officers generally in half; the half is taken to land revenue, and the half to law and justice; the officers for the most part being termed magistrates and collectors, and having magisterial as well as revenue duty; but they are concerned with the collection of the other branches of the revenue as well as the land, no charge being made in the accounts against those particular heads of revenue: the excise, for example, the stamps, and assessed taxes.

3576. That is not exactly my point, but what I meant is this: during the time that they are discharging their magisterial duties does not a part of those duties consist in settling disputes with regard to land revenue?—No doubt part of the crimes of violence in India are connected with the questions concerning the tenure of land.

3577. I do not mean crimes of violence so much as civil disputes which involve expenditure?—The collectors are not concerned in civil disputes.

3578. Do you not think that the civil disputes with regard to land revenue entail an expense with regard to the Government; the Government are virtually owners of the land, and if they have disputes with their tenants ought not that to be a charge against the land revenue?—Our civil courts are largely engaged in the decision of causes connected with the land.

3579. But, then, is not that a charge incident to the land, and ought it not to be put down as one of the expenses involved in the administration of our estate?—I think not.

3580. *Chairman.*] I apprehend that the charge which the Government incurs as a litigant is always charged to the land revenue?—That is the case.

3581. Mr. *J. B. Smith.*] The officers that you have been speaking of are all Europeans, are they not?—The principal officers. The expenditure that I have been speaking of includes large numbers of officers who are not Europeans; for example, in Madras, out of a total outlay of 336,000 *l.*, I find that upwards of 10,000 native officials are employed.

3582. And what would their salaries amount to?—About 233,000 *l.* as against 128,000 *l.* That sum of 233,000 *l.* includes a very large number of servants, remunerated at a very low scale of pay, being very subordinate servants. It includes also 50 deputy collectors, having an average salary of 450 *l.* each.

3583. Are those natives?—Those are probably almost all natives.

3584. Mr. *Dickinson.*] You did not give us the number of Europeans receiving the 128,000 *l.*?—One hundred and nine.

3585. Mr. *J. B. Smith.*] Do the native deputy collectors receive the same rate of salary as the Europeans?—Yes; the same rate of salary as European deputy-collectors.

3586. Mr. *Dickinson.*] And the same pensions?—Yes; they come under the same rules.

3587. Mr. *J. B. Smith.*] You were asked the amount of revenue for 1856, and the expense of collections in that year; and also the revenue of 1870–71, and the expense of collection; can you state the per-centage of increase?—In the year 1869–70, which I hold in my hand, it is 10·3; the per-centage for 1870–71 has been stated at 11·741.

3588. Sir *T. Bazley.*] Do the collectors give security for the payment of their collections?—The district collector at present, so far as I am aware, gives no security.

3589. Do the subordinate collectors give any?—I think in every case.

3590. *Chairman.*] Do you mean those who are in the permanent public Civil Service do not give security beyond their covenant?—They give none at the present time.

3591. Sir *T. Bazley.*] Have there been any defalcations?

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defalcations?—I do not think that I can call to mind any instance in recent years.

3592. And do you find that the native collectors are as prompt and active as the Europeans?—As a class, I apprehend that they are less trusted.

3593. *Chairman.*] But are they prompt and active in the collection of the revenue, the honourable Member wishes to know?—Under close supervision.

3594. And, as a matter of fact, are there defalcations on their part to any extent?—I am hardly informed; but it is not a subject of embarrassment to the Government; defalcations of that character have certainly not been frequent or embarrassing.

3595. Sir *D. Wedderburn.*] I think that the Southal territory has very recently been converted from a regulation to a non-regulation district?—It was 12 or 13 years ago, I think.

3596. I mean quite recently?—I think not.

3597. I want to know what would be the financial effect of such a change as that?—I was not aware of any recent change

3598. It is quite recent, but the individual instance does not signify; I want to know if you could explain what the financial effect of such a change would be in the matter of the payment of officers for the collection of revenue; would it render the collection of revenue cheaper?—Yes, that would probably be the effect.

3599. In the non-regulation provinces, I think think that the higher offices are generally filled by military officers?—By a certain proportion of military officers joined with those from the Civil Service, I think; that is to say, in the Punjaub, there is at least one commissioner of division a military officer, and there is more than one in the Civil Service.

3600. But is it not the case that while many of these appointments are held by military officers specially paid to perform those duties, there are at the same time a considerable number of covenanted civilians receiving pay without appointment?—No, I am not aware that there are any receiving pay without service.

3601. It has been alleged that the service is overstocked, and that considerable loss occurs from these civil officers being without regular appointments, but drawing a certain salary in virtue of being in the covenanted Civil Service; is that the case?—That is, I presume, occupying lower offices than they would if there were not places above them filled by military officers.

3602 Or actually unemployed?—I was not aware that that was the case.

3603. Lord *E. Fitzmaurice.*] I understood Mr. Fawcett to put to you just now, that there has been an increase of 16 per cent. in the collection of some item of revenue, to which you replied, "Yes, it is nearly that amount." To what were you then referring?—That was the increase (the proportion seems to me to be rather more) of 289,000 *l.* on 1,317,000 *l.*, which is the cost of the collectors' salaries and establishments, under the account of land revenue. In 1856-7 the amount was 1,317,000 *l.*, and there has been within this period of 14 years an increase, amounting to 289,000 *l.*

3604. Mr. *Eastwick.*] I should like to ask you a question with reference to the questions that have just been put as to the employment of military officers in civil appointments; you are aware that in 1838 or 1839 there was a petition signed by the Civil Service generally, requesting the Government not to employ military officers in these appointments?—I was not aware of it.

3605. Do you think that there would be a sufficient number of civilians to take up all these appointments, so that it would be unnecessary to employ military officers in collecting the revenue, and so on?—I presume that there could be a sufficient number.

3606. I mean is there at this moment?—The number at the present moment is, I think, larger than it has been for some years.

3607. But do you think that there is a sufficient number to take up the appointments that are filled by military officers?—No, I should suppose not.

3608. Not within a very great number, you would think, would you not?—There must be a large number of appointments of a civil character which are now held by military officers; I do not suppose that they could be immediately replaced.

3609. Could you tell us the exact number of revenue appointments held by military officers just now?—I have not got the information with me.

3610. Do you think that it is the case as the Honourable Member has said, that there are civil servants who are receiving pay and are not discharging duties?—I find from an account for the year 1870-71, that for the Presidency there was paid as allowances to civil servants out of employment the sum of 46,800 rupees, which does represent payments made to those rendering no service at the moment.

3611. Those civil servants were actually doing nothing, or they were attached to collectorates, but they were not really required; is that what you mean?—No; I presume that that represents the amount paid to officers returning from furlough from England, but for whom on arrival in India there is no immediate employment available, that is what I suppose to be the case.

3612. But would it make any difference, and would they be employed, supposing that military officers were not employed; would there be room for them; is it not the fact that the Government employs military officers because it gives them comparatively such very small pay; for instance, have you never heard of such a case as a military officer holding an appointment on 220 rupees a month, when a civilian has held it on 850 rupees; was there not such a case at Bombay where a civilian and military officer held the very same appointment and discharged the same duties?—I was not aware of such a case.

3613. That would be an inducement to Government, would it not, to employ military officers?—No doubt those provinces which have been officered from the military service have been administered at a less cost than would have been the case had the whole staff been taken from the Civil Service.

3614. With regard to this very great increase of civil officers at Madras, I think you said it was from 22 to 52?—I find that.

3615. That happened in what year precisely?—This is comparing the year 1856 with 1870.

3616. And was the increase gradual or very rapid?—That I have not the means of saying immediately.

3617. You cannot say whether doing away with Haileybury had anything to do with the fact that a great number of appointments were

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were suddenly filled up, particularly at Madras?—No; I think the increase is of later years; the increase seems to be for the most part in the year 1870. The number estimated for in 1869 was only 34, and 54 in 1870.

3618. Was the Government reaping any advantage from that great increase; was it at all necessitated by any change whatever, any increase of territory or any lapse of any territory; have you any explanation to offer?—There is no cause of that kind in operation.

3619. How would you explain the reason why the Government went to so great an expense?—I do not think that I have the information, but I presume that these officers were required by the Madras Government.

3620. They were asked for by the Madras Government, you mean?—Yes.

3621. *Chairman.*] Are the Government obliged every year to make an estimate of the persons required to fill up the deficiencies in the public service?—Yes; and this estimate must be made taking in the requirements of two or three years in advance; and therefore at any moment the number may be in excess of immediate wants.

3622. Mr. *Eastwick.*] I think you said that a number of them would be absorbed, most probably?—That is my belief.

3623. That increase of European officers would entail a much greater expense than a much more numerous increase of native officers?—Yes.

3624. If there were any additional duties could they not have been met by appointing native officers or employing some of those very numerous military officers who are doing nothing at present in India?—I can hardly offer an opinion on that point.

3625. Can you tell us the exact time when this change of system of account came in. It was Sir Richard Temple, was it not, who introduced a change, putting all the per contra charges separately?—I think that it dates rather earlier. I think from the year 1863 or 1864, when Sir Charles Trevelyan was member of the Governor General's Council. I think I can say that it was 1864.

3626. What are the advantages of account that this change presents?—It was considered to bring the repayments more completely under control, under the scrutiny of the officers of the Audit Department.

3627. Do you think it is an advantage; do you approve of it?—I am hardly prepared to say. I do not think that I see any advantage in it.

3628. With regard to this cost of collection, what are the items which are contained in that cost of collection. It is the payment, I suppose, of all the European and native officers?—It includes the pay of the whole staff, European and native officers, with their establishments, and the expenditure connected with their offices; and I enumerated six other considerable items, making up the total of the land revenue expenses which I have already given

3629. Do you see any means of reducing the expenditure on any of those items?—I think, in reviewing them, one may say that the expense of the revenue surveys and land settlement charges are not continuous; that the revenue survey would probably admit of considerable reduction in those provinces in which the survey has been once thoroughly carried out; and in some provinces the annual expense now is very much less than it has been in previous years. The total, amounting to 228,000 *l.*, must not be looked upon as the permanent annual charge on this account. In the same way the land settlement charges vary considerably, and must depend upon the character of the settlement made in each case.

3630. The Inam Commission charges will be at an end, I suppose?—The Inâm Commission charges are practically at an end.

3631. *Chairman.*] Do I rightly understand from your evidence that any new policy or change of policy has been introduced for the supply of a larger number of civil servants in India for the administration of the land revenue, in order to dispense with or to render unnecessary the employment of military men?—I am only acquainted with the fact that the number is somewhat larger.

3632. But have you any means, by referring to the estimates that have been made for the supply of the civilians, of ascertaining upon what principle those estimates were increased?—No.

3633. Can you do so by referring to the records of the India Office?—No doubt, some one in the India Office will be fully informed on that point

3634. It seems desirable that we should know whether this change, which has led to a very large increase in the public expenditure, is the result of a policy to displace the economic use of military officers by increasing the civil establishment, and at the same time increasing largely the pay of offices because they are to be held by civil servants?—I can make inquiries on this subject.

3635. Sir *T. Bazley.*] Are the military officers receiving two salaries, a salary in their military capacity and a salary in their civil capacity?—For the most part, the entire pay received by military officers is charged to the service which they are performing, that is, the civil department; a consolidated salary it is called.

3636. *Chairman.*] So that they are only paid one salary, in fact?—Yes.

3637. Mr. *Fawcett.*] Taking the figures which you gave as the expense incurred by native officials connected with the land revenue and European officials, I think that those figures show that the average salary of a native engaged in the land revenue department is 20 *l.* a year, and the average salary of a European is 1,200 *l.* a year, is it not?—Yes.

3638. And that does not represent the entire salary of the European, because he is also, which does not appear in these accounts, receiving a salary for his magisterial duties?—No, that is not so; the figures which I gave represent the entire salary.

3639. If you look at them, I think I am correct in saying that the average salary of natives is about 20 *l.* a year, and of Europeans about 1,200 *l.*?—That is the case.

3640. And how many natives are allowed to participate in this extremely high scale of salary which is enjoyed by Europeans?—I have not that information at present.

3641. *Chairman.*] Are you aware that under the Act of Parliament regulating the civil service, the office of collector and deputy collector is by law to be filled by a member of the Civil Service?—Yes; as regards the office of collector; the restriction does not apply to these deputy collectors.

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3642. Mr. *Fawcett.*] I understand you that the only natives who enjoy this high scale of salary, are 50 native deputy collectors, averaging 450 *l.* a year each?—That is speaking of the Madras Presidency.

3643. Then do those figures of average, which you previously mentioned, refer simply to Madras or to the whole of India?—To Madras.

3644. May we take Madras as an illustration of the rest of India; would about the same average apply to the rest of India?—I think that what is true of Madras will be true generally of Bombay, the land revenue establishment being of very much the same general character.

3645. I want to make your evidence as short as possible, therefore, if we can take Madras as a typical case, I will examine you upon that?—I have some information here which may be to the point. I have an abstract here of the number and the annual cost of the salary of every class of land revenue officers in the Madras Presidency.

3646. That is not my point exactly; the point is, can we take Madras as typical of the rest of India; and would about the same remarks apply to the rest of India?—I think so.

3647. Then are there only 50 natives employed in the Madras Presidency, with an average salary of 450 *l.* a year in the Land Revenue Department?—Yes.

3648. Then there is not a single native employed as a collector?—No.

3649. There is not a single native getting one-half of the average salary which is given to the Europeans?—That will not be absolutely true. I find that in the establishment of the Board of Revenue at Madras, there is an native officer who has a salary of 1,200 *l.*

3650. That is to say, there is one exception?—My difficulty is that I cannot speak to the nationality of others. The Board has on its establishment two clerks, having an annual salary of 960 *l.* besides; but whether they are Christians or natives, I have no information.

3651. But except with regard to the Board of Revenue, what I have said is correct, is it not?—Yes, that is true.

3652. I understand that no one can be employed as a collector unless he is in the Civil Service?—That is so.

3653. And the collectors are the gentlemen who enjoy this high scale of salary, are they not?—Yes.

3654. At the present time every possible obstacle is thrown in the way, is it not, of the natives getting into the Civil Service?—The great obstacle is the distance between India and England.

3655. But the principle is adopted, is it not, of admission to the Civil Service by ability?—That is so.

3656. And before the natives can prove their ability you make them travel to Europe?—That is essential under the present conditions.

3657. Formerly you offered them some assistance towards getting, to a very slight degree, over this difficulty of coming to Europe, by offering them certain scholarships and prizes, which enabled them to pay the expense, did you not?—That is a point on which I am not very well informed.

3658. But it is a fact, is it not, that there were scholarships annually devoted to natives who were studying in this country to enter the Civil Service?—I am not aware of the precise circumstances. There was an allowance, I think, paid to certain natives.

3659. Then are you not aware of the fact that that has been discontinued?—I have really no information on this subject.

3660. Was not a certain regulation passed or ordered to be passed when these scholarships were discontinued, to admit natives into the Civil Service directly?—I cannot give any information on that point.

3661. (To Mr. *Gay.*) Can you give any information on that point?—No.

3662. Sir *C. Wingfield* (to Mr. *Harrison*).] Some remarks were made about officers being out of employ, and you explained that the civil servants, on their return from furlough to India, before they can get substantive appointments are out of employ; but while they are, as it is called, out of employ and drawing out-of-employ allowance, they are really very often employed as acting for absentee officers, are they not?—But in that case, I think, their entire salary would be charged to the office that they were serving.

3663. I only speak from my own experience; I drew out-of-employ allowance when acting as collector for the district of another officer?—Yes; but in our accounts the entire charge would be placed against the office where your services were rendered.

3664. I should draw pay in two separate bills; one as a civil servant out of employ, and one as a civil servant in that situation?—Yes.

3665. Why is that form required?—I cannot say that it is necessary; it is no longer observed.

3666. *Chairman.*] I suppose it was to conform to two different rules which, being both used for the benefit of the gentleman holding the office, he got more than he otherwise would get; if an ordinary person were acting in the employment would he get the simple acting salary; that is, would a junior officer, acting in a higher office, get the acting salary of his appointment?—I may explain that an officer of the Government holding one office substantively and acting in another would ordinarily receive the full salary of the lower office and a certain per-centage, 20 per cent. of the salary of the higher, with some little variations in the rate of per-centage; but if he had no substantive employment he would receive what is termed out-of-employ allowance, and, in addition, half of the salary of the office in which he was acting.

3667. He would get the benefit, therefore, of a particular allowance in addition to his salary?—Yes.

3668. Sir *C. Wingfield.*] It does not follow, as seemed to be assumed by Mr. Eastwick, that that sum of money under the head of out-of-employ allowances represented money paid to men absolutely useless?—But I think this out-of-employ allowance does not include any payment for services rendered.

3669. Does it represent money paid to men doing nothing?—That is so.

3670. Then in many cases it is enforced idleness on their part; if the Government found means, or had opportunity at the moment of employing them, they would be employed?—No doubt.

3671. It is not that these men are not employed because they are incapable of being employed?—By no means.

3672. And

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3672. And military officers now employed in the Punjaub, Oude, and the Central Provinces, get precisely the same pay as civil servants?—Yes.

3673. They are paid in the same way as a consolidated charge, in one lump sum?—Yes.

3674. And when they are allowed to go on leave they are now admitted to the benefit of the same rules?—That I believe to be the case.

3675. Therefore there is no economy at present in employing a military man rather than a civilian in those provinces?—No; I think the question was rather as to the adoption of the scale of remuneration in force in those provinces.

3676. But Mr Eastwick seems to have pointed out that the employment of military men was more economical than that of civilians; but inasmuch as they receive precisely the same pay, there is no economy in having a military man filling a situation instead of a civilian?—No, there is none. I think my statement then was not quite correct.

3677. As to what you said about the raising of the salaries in Oude, was not one of the main reasons this, that civil servants felt it a very great hardship that they should be serving in Oude for half the salary, very often, that their fellow civil servants in the contiguous districts of the North Western Provinces were receiving?—That, I think, was the effect of my explanation.

3678. And the result was that it was difficult to get civil servants to stay in Oude?—Yes.

3679. For when they arrived at that point that they could if they were in the North Western Provinces be getting double salaries, they threw up their appointments and went on furlough, that they might come back to India and be appointed to the North Western Provinces?—That, I think, was so.

3680. *Chairman.*] How did it happen that the scale of remuneration for the revenue officers in Oude was fixed so much lower in the first instance than it was in the contiguous province?—I think on the introduction of British rule into Oude there was an endeavour made to administer the province in the most economical way possible; but the staff was selected from the very first in large part from the Civil Service.

3681. Mr. *W. Fowler.*] In what year was that?—In 1856.

3682. *Chairman.*] Still that does not explain to us how the Government giving the large rate of remuneration in the contiguous province, which was an old and settled province, and where the duties, therefore, were comparatively simple and well understood, should have established a much lower rate of remuneration for the performance of the duties in a new province where they would be more arduous, and perhaps more dangerous?—It would seem that the system which was introduced first in Oude did not prove successful.

3683. Still that would not explain the motive of the Government for fixing a scale so much lower for comparatively much more difficult duties, unless it were upon some principle that civilians were to be employed of a junior rank or that some other persons were to be employed who would be satisfied with the remuneration?—There were certainly civil servants sent into Oude at the first occupation.

3684. But were they sent as collectors or as assistant collectors?—I think they were sent in all grades as far as my recollection serves me.

3685. Sir *C. Wingfield.*] Is not this the explanation, that when Oude and the Punjaub were annexed, as you say, the great object was to conduct the administration on the most economical system possible, and therefore the salaries of all appointments were fixed on a lower scale than in the old provinces, and that there was not a sufficient number of civilians available to occupy all the posts in the administration; so it was necessary to employ military men, and a certain number of civilians, young men, were taken for appointments in these provinces; and although the rate of pay was less than it was in the North Western Provinces for corresponding appointments, it was still promotion to them, and they were very glad to go on these low salaries because they were more than they were getting in these provinces?—I am quite aware that those who were sent were junior officers.

3686. It was also promotion, and for a long time they were content; but after some years had elapsed and they found that their fellow civil servants were getting better salaries in the North Western Provinces, they became discontented and contrasted their position with that of those who had remained in the old provinces; then as the salaries paid in those provinces were not considered too high, it followed that the salaries given in the Punjaub and Oude, for the performance of the same duties, should be raised nearer to their level?—I am not acquainted with the motives of the Government in making the arrangements in 1856.

3687. The motive for employing military men was this, was it not, partly to work cheaply, and partly also that the Government could not have got civilians enough?—I am not able to speak as to the motives of the Government.

3688. Sir *D. Wedderburn.*] In estimating the relative economical advantages of employing military and civil officers, did you take into consideration the loss to the public of the services of those military officers who were withdrawn from the regiments to which they ostensibly belonged?—I suppose that may be looked on in two ways; it may have been considered that their military services would always be available in cases of emergency, and that in the meantime their cost as military officers was saved by the State.

3689. But, as a matter of fact, officers were often withdrawn from their regiments for years together and lost all acquaintance not only with military matters but with those whom on an emergency they would be called upon to command?—During the Punjaub campaign of 1848, a considerable number of officers at that time employed on civil duties in Assam and elsewhere were re-called to their regiments.

3690. But was it not found to be the case that they were unfamiliar with military matters, and had lost all acquaintance with the men of their respective companies, because that has always appeared to be the great fault and weakness of the system?—Probably their efficiency as military officers may have been somewhat interfered with.

3691. Sir *J. Elphinstone.*] Was the efficiency of Sir James Outram or of Sir Henry Havelock interfered with by that cause?—No, but I think that the effect of a system should hardly be judged by very specially selected instances.

3692. Mr. *R. Fowler.*] In regard to Mr. Fawcett's question about the difficulties of the

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natives entering the Civil Service, is not that rather owing to the *curriculum* in which they are examined?—That may have an effect in deterring natives of India at any point of time from entering into competition, but the studies pursued in the colleges of India can evidently be adapted to meet the requirements of the system of examination.

3693. Then you consider that the great difficulty is the expense of their coming to this country to be examined?—That seems to me to be the real difficulty.

3694. Which might be met, I suppose, by scholarships, or some way to enable them to meet the expense?—The difficulty might be lessened by some expedient.

3695. *Chairman*.] We will now go to the next item which makes up the total of 2,422,000 *l.*; what is that?—Under the general head of Land Revenue Charges we come to an item of 24,361 *l.*, described as Charges on Account of Government Estates.

3696. What is the meaning of that?—This represents chiefly outlay for local improvements, and works of public convenience on Government estates.

3697. That is, the estates which have fallen into their hands from various causes, and are administered by their officers; is that what you call Government estates?—That is so.

3698. What is the next item?—Charges of Land Revenue Collections, 84,900 *l.*

3699. What are those special charges?—That occurs in Burmah and Bengal. In Burmah it represents a per-centage paid to the native collectors of the revenue, under a system which is peculiar to that province, to the extent of 45,000 *l.*; and in Assam there is a somewhat similar system of remunerating the native collectors by a per-centage on the collections.

3700. That is the subordinate officers who actually collect the revenue?—That is so.

3701. What is the next item?—The next item is 228,000 *l.*, revenue surveys.

3702. What is the condition of those surveys; is that an item of continuous payment, and is it likely to go on at the same rate?—No; the operations of this department vary in extent; and though the expenditure will probably never come to an end, it may be reduced considerably below the present rate of charge.

3703. I suppose when the first survey has been completed, the revision of that would not be so expensive?—No.

3704. But until the first survey is over, the expense will probably be kept up?—Yes, for some years.

3705. Then this is an item that depends upon the quantity of work going on from year to year?—Yes.

3706. The establishment of that department is increased or diminished, according to the demands on it, by drawing officers from the Army and the Civil Service?—Quite so.

3707. Do you know whether the salaries in this department have remained stationary since 1856–57?—I do not think that there has been any change. There appears to have been a certain increase in the payments made to the lower officers employed in the survey.

3708. Do you mean the native officers, or the junior Europeans?—The native officers.

3709. But the European salaries have remained the same?—They have remained, I think, the same.

3710. What is the next item?—Land Settlement Charges, 244,000 *l.*

3711. What are those, as contradistinguished from the revenue survey charges?—The survey has generally preceded the operations of the settlement officer, and this occurs principally in Oude, the North Western Provinces, the Punjaub, and Bombay. In Oude, the North Western Provinces, and the Punjaub, the settlement operations vary from year to year. The settlement has been made for the most part for periods of 10, 20, and 30 years, and as the settlement of each district falls in, it has to be taken up again and renewed.

3712. Now, with reference to these charges, are the salaries still the same, or has there been any alteration since 1856?—I think there has been no change.

3713. But is the number of officers employed in the same way drawn from the general service, and increases or diminishes with the demands of the service?—That is so.

3714. Can you give the total charges for these two items of the survey and settlement in 1856-57?—In 1856-57 the expense of the revenue surveys and land settlement charges taken together was 250,000 *l.*, and they now amount to 472,000 *l.*

3715. Then, are we to understand that this very large increase of charge only arises on the extensions of the operations of the survey and settlement in point of area?—That is quite so.

3716. Can you give us an estimate of the probable diminution at any future period?—I think there is reason to expect that the expenditure in the North Western Provinces will be very considerable for a number of years to come.

3717. You do not anticipate any present diminution, then?—No, I think not.

3718. What is the next item?—The next item is a small one, the Inam Commission in Madras, but that has virtually been closed.

3719. And what is the last item?—The last is described as allowances to district and village officers, amounting on the whole to 230,000 *l.*

3720. What is the nature of that?—That occurs almost entirely in Bombay. In the Bombay Presidency there are large numbers of alienations of land for hereditary village officers, and it was directed many years ago, now (in 1849) by the Court of Directors, that the annual revenue that would be derived from such lands in the hands of the Government should be included in the gross revenue of the Bombay Presidency, and shown on the other hand as expenditure; it is almost entirely of that character, a nominal charge which we shall find again under the head of Police.

3721. But when you say that it is nominal, have these people a right to perform services, and have they a right to be paid for them?—It is nominal as regards the revenue, there is no real receipt from this land, but it appears in our accounts of land revenue as if there were.

3722. What is the object of that?—The object I conceive is to afford what is considered to be a proper comparison between the land revenue of Bombay and the other presidencies.

3723. Does it not also serve the further purpose of keeping before the Government these allowances, so that if the officers fail in anything they can bring them to charge?—I believe it is thought to be of some service in that way.

3724. Keeping them under review constantly?—But

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—But the question has frequently been considered whether it would not be better to throw it out of the account altogether.

3725. Then would not that in effect be discharging the persons who hold the land from their responsibility to some extent, if they are not kept in view, as persons who have duties to perform?—I think that in a very great measure these persons have been discharged of the duty in connection with enquiries made in the Bombay Presidency of late years.

3726. And they have been allowed to retain their land?—Those who have been settled with, I mentioned earlier to-day, have been allowed to retain their land and eleven-sixteenths of the annual produce, the service connected with the tenure being remitted.

3727. Would those appear in this item?—No.

3728. Therefore the persons who appear in this item are persons on whom the Government or the public have a claim for some duties, are they not?—I think that the services are rather to the village community than to the State.

3729. Do these items, taken together, make up the total of 2,422,856 *l*?—Yes.

3730. Mr. *Fawcett*.] About these service lands; I suppose they used to pay in some cases for their services a certain annual charge, did they not?—As I understand, the village officers paid nothing.

3731. Did they ever?—Never, I imagine; they held the land in consideration of performing certain offices to the village community, as accountants or watchmen.

3732. Have the Government allowed them no longer to discharge those offices without making any compensation?—(Mr. *Gay*.) The settlement has been always voluntary on their part; in some districts they have refused to make such a composition, but generally they have accepted the terms offered.

3733. Money terms?—Yes.

3734. Then suppose, for instance, one village officer refuses to compound, and the other consents to compound and pays a money charge, I suppose in the case where this composition has not taken place there will be certain services which will be discharged by the village officer, which in the other case would have to be discharged by Government?—I do not think that in any case the Government has compromised with some servants and not with others of the same village.

3735. But even in different villages?—I believe that even in the collectorate they have taken the general sense of the people.

3736. Take whatever area you like; suppose in one collectorate there has been paid a money composition in lieu of services to the Government; after that composition has been paid the services previously performed by these persons to the people will henceforward have to be discharged by the Government?—Yes.

3737. That will cost the Government something?—Yes, it does cost them something.

3738. And I suppose that the money which they received in composition they devoted to income, and put it down as a receipt of the year?—It is an annual receipt, not a lump sum, a certain proportion of the annual demand of the land revenue.

3739. What I understand from your answers is, that they compounded by a lump sum, is that so?—No.

3740. *Chairman*.] What is the next item forming part of the three millions that you began with?—(*Mr. Harrison*.) Charges connected with the forest revenue.

3741. What is the nature of those charges?—They are divided generally in the accounts into the amount paid for the salaries, and the conservancy and working expenses.

3742. What is the amount of the salaries?—The salaries amount to 109,000 *l*, the working expenses to 264,000 *l*., together 373,000 *l*.

3743. Has this establishment remained the same since 1856–57?—No; the operations of the department have been considerably extended since 1856–57.

3744. What was the state of the establishment then?—In that year the total expense was only 40,000 *l*.; but the department had no operation at all in Oude, in Bengal, and in the Punjaub, and very slightly indeed in the Central Provinces and the North Western Provinces; in fact, it was practically confined to British Burmah, Madras, and Bombay.

3745. Certain parts of Madras and Bombay, I suppose?—Yes, certain parts of Madras and Bombay, as to which I am not very fully informed.

3746. Are you aware that the establishment has been completely reorganised within a recent period?—I know that the operations of the department have been placed altogether on a different footing.

3747. We have in the evidence already a sketch of this establishment, we need not go through it again, I presume?—I cannot add anything to that, I think.

3748. You did not describe what were the conservancy and working expenses?—The whole expense was 40,292 *l*.

3749. Do you mean that that includes both establishment and conservancy and working expenses?—Yes.

3750. Can you tell what revenue that produced in 1856–57?—The entire revenue in 1856–57 was 131,492 *l*.

3751. That yielded then a net balance of how much?—£ 91,000.

3752. Was there not at that time some mode of collecting a good deal of the forest dues partly as ordinary land revenue?—Yes, that was so; and a portion of the sum which I have mentioned consisted of the duty on foreign timber, which came from beyond our frontier down the Salween to Moulmain, but there are other allowances to be made, because I observe under the Government of India that, although there is no expenditure, we have 35,000 rupees as receipt. (Mr. *Gay*.) I think that the management in those days was enterely under the district officers, and any charges incurred would be under land revenue.

3753. It would be all confused or merged in the charges of collectors of the land revenue?—Yes, or establishments.

3754. (To Mr. *Harrison*.) Do you know whether at that time a good many of the fees, where there were no forest officers, were treated as ordinary fees of the land revenue, cutting down wood, and so on?—Yes. (Mr. *Gay*.) As far as they could be ascertained those fees have been classed so as to compare with forests in the present year.

3755. (To Mr. *Harrison*.) What was the total income from forests in 1870–71?—In 1870–71 the

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the total income was 453,443 *l.*; the total charge, 380,227 *l.*; the net produce, 73,215 *l.*

3756. Mr. *Fawcett.*] Which is less than it was in 1856–57, when the expenditure was 40,000 *l.*?—Yes.

3757. *Chairman.*] What is the next item to make up the whole expenditure?—The special expense connected with the collection of the excise revenue on spirits and drugs.

3758. What was the expense of the collector's establishment?—The collector's establishment was 95,753 *l.*

3759. What other expenditure comes under that?—The other item which goes to make up the total is the cost price of opium which, except in Bombay, goes to the opium department. Like the Post Office, the one department is made to pay to the other the value of its services.

3760. That would be credited as part of the opium revenue?—Yes.

3761. How much is that?—It amounts to 197,723 *l.*

3762. The total therefore would be what?—£. 293,476.

3763. Do all the items that you have now gone through make up the sum total of 3,089,682 *l.*?—Quite so.

3764. Then with regard to this last item, do you trace any increase of expenditure in the collectors, and commissioners, and other establishments since 1856 and 1857?—There has been a considerable change in part of the system of realising this revenue, which has been attended with additional expense of establishments in several provinces; the adoption of what is known in India as the Sudder Distillery system, by which all persons desiring to enter upon the trade of distilling spirits were obliged to do it at certain places, under particular restrictions, within a walled enclosure, in fact, the system involving additional expense for supervision. In 1856–57, the amount of establishments for this head was 51,414 *l.*, and in 1870–71, it is 95,753 *l.*, showing a considerable increase. In certain provinces, in 1856–57, there was no establishment at all.

3765. Do you mean that it was done then by contract, and now the revenue is brought under the direct administration of the Government, and therefore the establishment is charged?—Yes; that is the explanation.

3766. It does not arise, then, upon any increase of salaries, but on a change in the mode of carrying on the business?—That is so.

3767. Sir *D. Wedderburn.*] With regard to the forests, there is an answer given by the last witness that we had here, to which I will call your attention. Speaking of coffee and cardamum land, he says that the cardamum land is simply a forest granted by the Government without any measurement; do the returns from that sort of land appear under the head of Forest or under the head of Land; I want to know that, merely with regard to estimating the respective cost of collection in the Forest Department in different years?—If they are managed by forest officers, it will be under the head of Forest.

3768. But you do not know whether it is?—I do not know in this instance.

Friday, 19*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton	Sir James Elphinstone.
Mr. Beach.	Mr. Fawcett
Mr. Stephen Cave.	Lord Edmond Fitzmaurice.
Mr. Cross.	Mr. Hermon.
Mr. Beckett Denison.	Mr Lyttelton.
Mr. Charles Dalrymple.	Sir Stafford Northcote.
Mr. Dickinson.	Mr John Benjamin Smith.
Mr. Grant Duff.	Sir David Wedderburn.
Mr. Eastwick.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

MR. EDWARD FRANCIS HARRISON and MR. EDWARD GAY, re-called, and further Examined

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3769. *Chairman* (to Mr. *Harrison*)] THE next item is the assessed taxes. will you be good enough to state the general charge for the collection of what are called the assessed taxes?—The general charge amounted in the year 1870-71 to 43,991 *l.*

3770. What taxes are included under that head?—That is entirely, I think, for the collection of the income tax.

3771. How is it that the charge is so small?—The income tax is generally assessed and collected through the agency of the Land Revenue establishments. The charge altogether is small, but a very considerable difference will be observed in the different provinces; for example, in Bengal the charge amounts to 31,700 *l.*, and in the North Western Provinces only to 1,500 *l.*

3772. Why is it so much larger in Bengal?—In Bengal, owing to the system of Land Revenue management, I refer to the perpetual settlement of the revenue, the collector has not the same staff of subordinate responsible officers, and it has been found necessary to employ a special agency for the purpose of the assessment of incomes.

3773. What is the expenditure in Madras and Bombay?—The expenditure in Madras is 3,172 *l.*, and in Bombay 5,680 *l.*

3774. Is that chiefly for the two presidency towns?—In the case of Bombay a special establishment has been employed for the assessment, and generally in the Bombay and Madras Presidencies one or two clerks have been allowed to each district collector for the purposes of the Income Tax Act.

3775. With those particular exceptions, the income tax has been collected by the previously existing establishment without any increase?—Quite so.

3776. Will you be good enough to state what is the cost of collecting the customs?—The total cost for the collection of the customs revenue is 186,491 *l.*

3777. Does that include the whole of the establishments as well as the superintendence?—That covers the whole of the establishments and superintendence, with the exception of the cost of the Board of Revenue, which will be found under the head of "Administration," and is not charged separately to the revenue heads. This covers the cost of the establishments at the seaports for the collection of import and export duties, and also for the maintenance of the frontier lines between British and native territory.

3778. And can you state what was the cost of collecting the customs charges in 1856-57, as compared with the present period, in the different divisions of India?—In Bengal the charge in 1856-57 was 47,350 *l*; the revenue then collected was 548,000 *l.* The charge in 1870-71 was 63,900 *l.*, the revenue being 1,138,000 *l.*

3779. Will you take the provinces seriatim, and dispose of Bengal first; has that increase resulted from any increase of the scale of salaries of the superior officers?—There has been very little change in the salaries of the superior officers in the way of increase. The collector of customs at Calcutta receives a lower rate of pay; there has been a reduction in his case, but the increase of late years is owing to the appointment of a superior officer as collector of customs at Chittagong. On the other hand, it has been found necessary to improve the salaries of the inferior grade of officers employed in the Customs Department, and the numbers have also been increased with the increase of duties that has fallen on them.

3780. Can you state generally what has been the increase in the number?—The increase occurs in preventive officers. In 1856-57, in the port of Calcutta there were 126, costing 20,000 *l.*, and in 1870-71 there were 139, costing 27,700 *l.*

3781. Were those preventive officers?—Yes; then there were 21 wharf officers; the number has now been increased to 69, and the cost increased from 1,600 *l.* to 6,400 *l.*

3782. Is that all you have to say with reference to Bengal?—Those are the principal facts.

3783. Now, will you go to British Burmah?—In British Burmah the revenue has risen from 70,000 *l.* in 1856, to 277,000 *l.* in 1870, and the charges have increased from 9,980 *l.* to 16,000 *l.*

3784. What

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3784. What is the cause of that increase?—It is an increase in the numbers due to the additional work thrown upon this department.

3785. What is the nature of the increase itself?—In the port of Akyab, an establishment of three clerks, and five wharf officers, and 11 servants and subordinates, was the staff in 1856–57; the numbers now are 10 clerks, 23 preventive officers, and 16 wharf officers, which, including the collector, makes 50 persons against 20.

3786. Is that all due to the increase of trade merely, and the consequent increase of establishment?—Yes.

3787. Do you attribute that charge in any way to any increased scale of allowances, or rates in Burmah?—I do not think that the scale of remuneration in this case has been changed; the increased numbers I think are rather of the higher rates that were current in 1856–57, than the average.

3788. Then what is the charge in Madras?—In Madras there is a reduction of charge from 18,800 *l.* to 17,300 *l.*

3789. What has has been the state of revenue in the two periods?—There the revenue hadincreased from 139,900 *l.* to 304,000 *l.*

3790. How was this decrease effected, in the face of so large an increase of revenue?—It is really due entirely to the reduction of the salary of the two principal officers, the collector and deputy collector of customs. The collector of customs in 1856 had a salary of 4,000 *l.* a year; the present officer has one of 2,800 *l.*; and the deputy collector's salary it has been found practicable to reduce from 1,800 *l.* to 840 *l.*

3791. Then with those reductions there would not seem to be any general increase in the scale of remuneration in the department?—There is some increase in the lower grades, the reductions which I mentioned would cause a greater saving.

3792. What has been the expenditure in Bombay for the collection of customs?—In Bombay the charge has increased from 35,800 *l.* in 1856–57, to 89,000 *l.* in 1870–71.

3793. Has there been any increase in the revenue in Bombay?—In the meantime the revenue has increased from 368,000 *l.* to 747,000 *l.*

3794. The proportionate increase of expenditure in this case is very much greater than in the others?—It is.

3795. To what do you ascribe that?—I have found some little difficulty in making a perfectly satisfactory comparison, as the office and duties of superintendence of the departments of customs, salt and opium have been in the hands of one officer, and the distribution of the charge for his pay between the departments of customs, salt and opium has not been very clearly defined; I would rather therefore, in comparing the increase, take the charge of these three offices together. The charge in Bombay for the collection of the customs, salt and opium revenue in 1856–57, was 74,000 *l.*, and in 1870–71, it was 125,000 *l.*

3796. What was the revenue in those two periods in the three items?—In the three items combined in 1856–57, it was 1,794,000 *l.*, and in 1870–71, it was 3,878,000 *l.*, showing that the revenue in the three branches taken together, has more than doubled, while the charge taken in the same way has not, of course, increased in the same proportion. The increase is certainly in the lower classes of the establishment.

3797. Can you state generally, what is the nature of that increase?—At Bombay, I find in 1856–57, that there were five appraisers, whose salary amounted to 540 *l.*; now there are seven, who are paid 1,400 *l.*; the remuneration paid in 1856–57, was doubtless thought to be insufficient for the responsible character of the duties.

3798. It would seem to have doubled?—It has, nearly so.

3799. And with regard to the clerks and subordinate servants, has there been a corresponding increase in numbers and salary?—In both. The number in 1856–57, was 97; the pay being 5,800 *l.* The number in 1870–71, is 126, the pay being 7,300 *l.*; there is some increase in the scale, but it is not excessive in the case of the clerks. In the case of the servants in 1856–57, there were 123, costing 1,224 *l*; and in 1870–71, there were 195, costing 2,400 *l.*; the rate has there increased more than in the case of the clerks.

3800. Has there been any necessity for increasing the preventive establishment?—In the preventive officers, there is also an increase from 49 in 1856–57, costing 3,480 *l.*, to 70 in 1871, costing 10,000 *l.*

3801. In that case, the salaries would appear to have been very considerably increased?—Yes; it was doubtless felt that they were insufficiently remunerated in the preventive and appraising departments of the Custom House.

3802. Is there any further explanation of this particular increase in Bombay?—Of late years, there has been a new establishment of servants at private wharves, which costs on the estimates, 4,500 *l.*; but a part of this is recovered from the owners of the wharves.

3803. Do you mean that that which is recovered would appear in the receipts?—Yes.

3804. Was there any special expenditure in the year 1870–71?—For the salt, not immediately for the customs revenue; a gentleman, Mr. Pedder, was employed in inquiring into the management of the salt revenue; that has made a charge on the account of 1870–71, of 1,500 *l*

3805. Mr. *Eastwick.*] What is the reason that there should be such an excessive difference at different places in the per-centage of the cost of collection as compared with the receipts; I see in Bombay, it is very much higher than in the other cases?—The cost of all subordinate establishments in Bombay, has grown very much of late years; it is attributed to the increase in the cost of living; but it is attributable, I think, more than anything else, to the competition of private employment. It was represented that at none of the Government offices in Bombay, were they able a few years ago to retain any man whose services were worth keeping, without an increase of pay.

3806. They have had to pay the officials very much higher?—It was necessary to raise their pay very considerably.

3807. But how would that explain the great difference in other places; supposing that we take out Bombay, it is not uniform in other places, is it; it is much less in Bengal?—I think the explanation of the smaller charge in Bengal is this, that the trade is almost entirely concentrated in one port, Calcutta. In Bombay there are a number of smaller ports, each of which has to be watched. In Calcutta, owing to the port being in the river, and to the accessibility of the shipping from the shore, a very much smaller establishment of preventive officers is necessary.

3808. I see

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3808. I see that the column for the Central Provinces is not filled up at all; how is that?—There is no charge there.

3809. I see that there is 10,000 *l.* received, and no expenses for collection; can that be adopted generally?—The only receipt in the Central Provinces under Customs is a duty on sugar, and this is collected by the officers of the salt department. You will find that there is a salt establishment in the Central Provinces costing 38,000 *l.*, and these officers collect the small duty which has to be taken.

3810. The duties of the heads of office in the Customs Department do not require very much ability, I suppose; I mean to say, that you might reduce the pay of the heads of office unless you consider that the responsibility entitles them to larger salaries, because there is no very great ability required from them?—I can hardly judge; the post is certainly responsible; the consequence of errors of judgment on the part of one of them may be very inconvenient to the Government.

3811. *Chairman.*] Is it his duty to decide in what may be considered a judicial manner on all confiscations for violating the Customs law?—I think there is a difference, in that respect, between Calcutta and Bombay. The Collector of Customs at Calcutta is not nearly in so responsible or independent a position as the Commissioner of Customs at Bombay, the Board of Revenue being at hand, and appeals lying immediately to the Board of Revenue from almost every act of the Collector of Customs. His position is certainly very different from that of the Commissioner of Customs at Bombay, who has the jurisdiction you mention.

3812. Mr. *Eastwick.*] He gets the same or a superior pay, does he not?—The present pay of the Collector of Customs at Calcutta is 3,300 *l.*; it is an increasing rate of pay up to 3,600 *l.*, I think; and in Bombay it is 4,200 *l.*

3813. Lord *E. Fitzmaurice.*] You attribute, do you not, the greater proportion of the increased cost of collection in Bombay to the rise of prices in Bombay?—That I consider to be the reason.

3814. Do you consider that that rise of prices is likely to continue in Bombay, to a greater extent than elsewhere in India?—The causes that have led to the increase may not always continue in operation.

3815. What do you consider those causes to be in Bombay especially?—The course of events at Bombay in the years immediately succeeding the great export of cotton, led to the creation of large numbers of public companies, and to the exhibition of a very great degree of wealth, and this seems to have led to competition for the services of educated persons and to a great increase in prices. The circumstances in many respects have altered since that time, but I apprehend that it is very rarely that the cost of wages and of living, falls easily to a former level having once risen; the effect may continue, although the cause may in part have been removed.

3816. I suppose a good deal of the rise of prices is to be attributed to there being a great influx of silver, is it not?—That is so; that is a more permanent cause.

3817. But you do not suppose that it affected Bombay more than other parts of India, do you?—The effect of this cause has been general, but I was speaking of local causes.

3818. I suppose the improved communications in India have had a certain effect on prices?—That undoubtedly has had the effect of equalising prices.

3819. I understood that Sir Bartle Frere gave it in evidence that he considered that improved communications had had an effect in raising the prices of certain articles of first necessity, because the possibility of transporting them to different parts of the country had so much increased; that a large number of articles of first necessity, instead of being cast to a great extent on local markets, and therefore very cheap, were taken to great distances?—That is so; the prices were equalised, and that raised them in the interior to the Bombay level.

3820. Do you consider that the comparative cost of collection has increased of late years on the whole, or has remained stationary?—The rate of salaries paid to Government servants has increased.

3821. But I mean as to whether you consider that the cost of collection has increased more than the amount collected, so that the per-centage is greater, or is it less?—I do not think that there is any marked change in the per-centages.

3822. Sir *D. Wedderburn.*] I observe that in stating the amount of customs collected in the various districts, you have given the gross receipts; now in the case of Bombay, in addition to the amount of nearly 90,000 *l.* for charges of collection, there is also an item to be deducted of 56,000 *l.*, under the head of allowances, refunds, and drawbacks; can you tell me what the character of these so-called repayments is?—That is the subject that we went into on the last occasion; it consists in the Customs Department of a drawback on the re-export of goods, and of the refund of duty collected in excess.

3823. One point which I wanted simply to call attention to was, that the proportion at Bombay seems to be much larger than elsewhere; the item is a much larger one even in proportion to the revenue?—I can only conjecture the reason; I think that there is a probable reason that presents itself at once, that is the direct trade between Bombay and China, the drawback being allowed on the re-export of goods to China that had paid import duty at Bombay. I offer that as a conjecture only.

3824. Mr. *Lyttelton.*] And to the Persian Gulf?—There would be a drawback there also.

3825. Sir *D. Wedderburn.*] Then in stating the increase of customs revenue in the respective districts, it would be more proper to give the net receipts?—It occurred to me that in dealing with the increase of charges, as such charges represent the cost of collecting the gross receipts, it would be a more proper comparison to set the charges against the gross receipts.

3826. Mr. *Beckett Denison.*] You said in reply to a question from the Chairman, I think, referring to the North Western Provinces, that the charges for Customs and salt were mixed up together?—No, it was the Central Provinces

3827. It was when you were referring to the frontier lines, was it not?—In speaking of Bombay, I threw the Customs and salt charges together; but the case of the North Western Provinces

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vinces is somewhat similar to that of the Central Provinces.

3828. But in turning to the account of the North Western Provinces, I see there is no charge at all debited to Customs, and there is one debited to salt; I imagine that the Customs is a very trifling item?—Yes; the case is very much the same in the North Western Provinces as in the Central Provinces; there is a small duty connected with the Customs Department, but there is no charge.

3829. In turning to Bombay, I see that the per-centage of charge on the gross receipts for Customs is 12 per cent., and on salt it is 4½ per cent. Is the establishment for salt and Customs in Bombay entirely separate, departmentally separate?—The entire establishment is under the same commissioner, and I do not think that there is any such division of duties that I can separate the charge properly.

3830. I am merely taking the figures as I find them here; what I wanted to arrive at was this, supposing that the establishment was one and the same, and that they were working in the same building doing the same duty, how the charge is apportioned to Customs and salt?—I find that the entire amount of the commissioner's salary is charged to the Customs; it would seem, in fact, that the entire pay of the office of the Commissioner of Customs is charged to the account of Customs.

3831. The great increase in the revenue of the salt, of course is owing to the raising of the duty on salt?—That of course is one main reason; I think that it has been assigned in evidence before this Committee, that the increase is due to greater care in the prevention of contraband dealing, and more careful realisation of the salt duty.

3832. Have the Customs officers at Bombay any duties in connection with the exports of Bombay?—Yes, all goods exported, whether paying duty or not, are entered at the Custom House; the Customs officers have the duty of registry, and the duty of the collection of export dues where payable.

3833. For instance, would any duties in connection with the prevention of cotton frauds fall upon that establishment?—I do not remember.

3834. The increase of charge is very considerable, and I thought that it might be due to some legislation on that subject?—I do not find in the accounts which I have any separate charge for an establishment for carrying out that Act.

3835. Sir *Stafford Northcote.*] I think you attribute the very great excess in the per-centage of cost of collection at Bombay, in the Customs, to the higher scale of salaries, and the higher rate of prices there; but if that is the explanation of the excess of the cost of collecting Customs duties there, how do you account for the fact that in the collection of the taxes there is not the same proportionate excess at Bombay?—That reason of course will affect only the rate paid to individuals, and we find that in Bombay there is a larger charge for the collection of assessed taxes than in Madras.

3836. I observe that in Bombay the rate per cent. for which the Customs are collected is very nearly 12 per cent., or more than double what the rate is at either Bengal, Madras, or Burmah, whereas in the collection of the assessed taxes the rate of Bombay is 1·3 per cent., which is about the same as Madras and Burmah; and in Bengal the amount is 4·56, which is three or four times as large as the per-centage in Bombay?—The expense of collecting the income tax obviously will depend upon the class of income, and the class of persons affected; the duty of an assessor in the town of Bombay will be to deal with persons paying individually a comparatively large amount of income tax; I should not expect the per-centage to be so large there.

3837. Then we will leave out the case of Bengal; but how would it be as compared with Madras. Do you require a much larger establishment or much the same establishment at Madras and at Bombay?—I think that the general district establishments in Madras and Bombay are very much of the same character. There are one or two clerks allowed to each district collector, and the charge in those two Presidencies mainly represents the pay of these clerks, not very large in number. The charge in Madras for the collection of the income tax is 3,100 *l.*, and in Bombay it is 5,600 *l.*, without considering the amount collected. The difference represents the additional establishment, as I have already explained, in the town of Bombay.

3838. But the point to which I wish to direct your attention is the question whether the difference in the prices at Bombay can be taken as sufficient to account for the very great difference between the rate per cent. at which the Customs there are collected, and that at which they are collected elsewhere. If that were the explanation, must not that affect the cost of collection of other branches of the revenue?—I have already mentioned what I think is a very principal cause, the fact that in the Bombay Presidency there are a number of small ports each of which requires a separate agency for the protection of the Customs revenue, placing it at a disadvantage as compared with Bengal.

3839. *Chairman.*] The next item is the item of salt; what is the total expenditure for collecting the salt revenue?—The total expenditure for that is 389,964 *l.*

3840. Under what heads is that expenditure classified?—There are first the establishment connected with the manufacture (where it is manufactured) and management of the salt revenue, amounting to 269,600 *l.* There are then separate establishments in the North Western Provinces and Oude, connected with the saltpetre revenue, amounting to 27,000 *l*; and in Madras there is a charge of 93,000 *l.* for the purchase of salt.

3841. With regard to the first item of establishments, what have you to say?—The largest charges are in the Presidency of Madras and the North Western Provinces.

3842. To what is that due?—In Madras it is composed for the most part of the charge which I have mentioned for the purchase of salt, the remainder being for the most part for the salt manufactured under contract with the Government.

3843. What is the total charge for Madras?—£. 127,000. In the North Western Provinces the charge is for a preventive staff, which is maintained along the frontier line between British and native territory; that costs, including the cost of the manufacture of salt at the Sambhur Lake, 90,000 *l.* To that must be added the saltpetre establishment, 17,000 *l.*, making a total of 107,000 *l.*

3844. What is the charge in Oude?—In Oude there

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there is a charge of 9,600 *l.* for saltpetre establishments. The object of this is to prevent the sale or removal without payment of duty of salt, which is evolved in the process of manufacturing saltpetre. There was no establishment of this kind in 1856. Now the establishment consists of an assistant commissioner, 17 clerks, and 492 preventive officers.

3845. Is there any charge for the Central Provinces?—In the Central Provinces the charge is for the salt preventive line on the frontier.

3846. That is to collect the equalisation of the duty between that which is charged locally and the rate charged in Bombay?—Partly on that account, but more so and mainly for the prevention of the importation of salt from native territory.

3847. You mean from the north side?—The native States, which the Central Provinces have on their frontier, in two or three directions.

3848. What is the state of the charge in the Punjab?—In the Punjab the total charge in 1870–71 was 67,500 *l.*; this is an increase over the charge in 1856–57, when it was only 53,000 *l.* The establishment at that time consisted of one collector and two deputy collectors; there are now four collectors and one deputy, the revenue supervised has increased very greatly; in 1856 it was 390,000 *l.*, it is now 837,000 *l.*; the establishment has increased as well as the charges for the excavation of the rock-salt from the Government mines in the Punjab.

3849. Will you give the charge in the North Western Provinces?—In 1856–57 the charge for the commissioner and his establishment, and the preventive service, amounted to 53,100 *l.*; in 1870–71 it is increased to 55,280 *l.*; 53,000 *l.*, I have mentioned, was the entire charge in 1856–57; since that time the Government have made an arrangement for the manufacture of salt at the Sambhur Lake, the cost of carrying out which is about 34,700 *l.*; and about 10 years ago an establishment was created for supervising the manufacture of saltpetre in the same way as I have mentioned in the Oude Province; that cost 1,700 *l.*, making the total cost at the present day 107,000 *l.*

3850. Have you a comparison between the cost of collecting the salt revenue of Madras in 1856–57 and the present charge?—In 1856–57 the establishment was 30,900 *l.*, it is now 34,000 *l.*, that being the growth of charge.

3851. What has been the increase in the other item, the purchase of the salt?—In that item there is an increase of from 31,000 *l.* to 93,000 *l.*

3852. Is that only corresponding with the increase of the consumption of salt, or does it arise from any other cause?—I think that this is due to a great increase in the price paid; there has been an increase of 50 per cent. in the price paid to the producer; the price has been raised from 8 to 9 rupees the garce, to 12 to 15, an increase of fully 50 per cent.

3853. Mr. *Eastwick.*] A garce is a ton, is it not?—The garce is 120 maunds; there are 27 maunds to a ton, that would be between four and four and a half tons.

3854. *Chairman.*] And what has been the increase in the quantity of salt manufactured, or can you state generally what has been the increase?—I can state generally that the quantity of salt has doubled in the period that we are dealing with.

3855. Mr. *J. B. Smith.*] Notwithstanding the increased tax upon it?—Whether the consumption has increased or not is not the question immediately; it is the quantity which the Government has purchased that has increased, and the rate paid to the producers has been increased 50 per cent.; there has been an additional inducement so far to the producer to produce it.

3856. But must not the consumption have increased if the Government are able to dispose of the increased amount produced?—I think that this is partly due (it is a point on which I cannot speak with any authority) to the extension of the Madras railway communication, which has carried an enormous amount of salt into the interior. The proceeds of salt in 1856–57 were only 52 lacs of rupees, that is 522,000 *l.*, and in 1870–71 the amount sold exceeds a million and a quarter, 1,262,000 *l.* The revenue derived from it in the two years has risen from 522,000 *l.* to 1,262,000 *l.*

3857. *Chairman.*] With regard to Bengal, what is the present charge there for collecting the salt revenue?—The charge at the present time is 6,295 *l.*

3858. What was the charge in 1856–57?—There is really no comparison; the charge in 1856–57 was 348,815 *l.* At the present time the salt revenue in the Bengal Presidency is almost entirely the duty levied on salt imported by sea; and the amount which I have stated for 1856, really represents the cost at which it was produced in the Government salt factories, which have been entirely closed.

3859. Is there no charge at present for collecting duty on salt manufactured in Bengal, or has the manufacture entirely died out?—Almost entirely; there is, I believe, a single trifling manufactory; whether that is in existence at the present time I am not quite sure, it has entirely died out in fact.

3860. Is it not found necessary to keep up any establishment to prevent the smuggling of salt from abroad; or is the charge for that carried to the Customs?—The greater part of the frontier of Bengal does not require this preventive establishment; there is an establishment in the Cuttack District, the estimate for which is 5,000 *l* or 6,000 *l.*

3861. Is that included in the item of 6,295 *l.*?—The fact is that the actual charge seems to be a good deal less than the estimate for it. The amount which I have in the estimate for 1870–71, is 7,500 *l.*; the actual expense must have been considerably less, for the estimates included, in addition to the sum which I have mentioned as preventive establishment in the Behar Province, the Western Province of Bengal, amounting to 10,000 *l.*; I find, therefore, that the actual expenditure during the year must have been very much within the estimate, and the accounts do not enable me to distinguish how much belongs to each of these.

3862. How are we to understand that the sea frontier is protected against the smuggling of salt?—Bengal has no ports.

3863. But do not you consider that salt can be smuggled all along the sea coast?—It can hardly be approached.

3864. With regard to the Presidency of Bombay, you have there merged this charge for salt in the items already taken?—Yes.

3865. Mr. *Eastwick.*] There is still a great manufacture at Madras of salt by contractors, is there not?—That is so.

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3866. Can you tell me at all, whether it is found more profitable to Government to get salt in that way, or to buy foreign salt and then sell it?—If I understand the question, that is, to compare the results of the system in operation at Madras with that now practically in force in Bengal. (Mr. *Gay.*) I think I can explain it partly. The cost of manufacture in Bengal used to be considerably greater than in Madras; the water on the Bengal coast is not so salt as it is further south; the consequence was, that the brine must always be evaporated with artificial heat, and the charge for manufacture was very much more. In Madras, the price paid for salt is from two annas to three annas per maund. The cost of imported salt in Bengal is from eight annas to 12 annas, or even more.

3867. Mr. *Eastwick* (to Mr. *Harrison*).] The Madras Government do not buy any salt and sell it?—They buy it from the manufacturers.

3868. They do not buy any foreign salt, any salt from foreign merchants?—No, I think not.

3869. Sir *D. Wedderburn.*] I do not quite understand about Oude; you gave some explanation, but I could not quite make out how it is that there is so very small a receipt from Oude, and that the cost of collection is, in fact, 176 per cent.?—That is really to be explained in this way, that the salt consumed in Oude pays duty elsewhere.

3870. Sir *C. Wingfield.*] It pays duty in crossing the Line?—Yes; and therefore Oude does not receive credit for the revenue.

3871. Sir *D. Wedderburn.*] And the same thing probably would hold good in British Burmah; there is only 12,000 *l.* there?—In British Burmah the duty is very much less than in any other part of British India.

3872. And does that account for the very small sum that appears there?—Whether that will account for it sufficiently, I should doubt. I think that it is probably less easy to control the illicit manufacture and use of salt in Burmah, than in our other provinces. (Mr. *Gay.*) Salt is imported into Burmah at a duty of three annas a maund, and that has now almost entirely taken the place of the native manufacture.

3873. *Chairman.*] Then it is collected merely as a Customs revenue, and without any additional expenditure on its own account?—Yes. (Mr. *Harrison.*) That three annas will be credited to the salt revenue and not to Customs.

3874. But the expense would be charged to the Customs establishment, except some particular officers employed on the salt?—Yes.

3875. Sir *D. Wedderburn.*] The charge for collection is only 478 *l.*?—Yes; I think I did not explain that that small charge in Burmah is paid to the native officials who visit the salt works and collect the duty on the small quantity of salt that is manufactured in the Province, the revenue being mainly collected on the imported salt. The two do not therefore compare together.

3876. Mr. *Beckett Denison.*] I see that the per-centage of charge for the collection of salt revenue is 21 per cent. in the North Western Provinces, 32 per cent. in the Central Provinces, and 8 per cent. in the Punjab; I suppose that it would not be fair to regard that as the real cost, because that preventive line which stretches away from the Indus, right away down to Nagpore, is one long line, the cost of which ought really, in order to obtain a fair view of the salt revenue, to be apportioned over the whole of these provinces?—No doubt; the figures that we find in the account as the salt revenue of these several Provinces, Bengal, the North-Western Provinces, the Central Provinces, Oude, and the Punjab, do not represent the amount contributed by the population.

3877. I think it was stated last year, was it not, that the extreme point to which the sea-borne salt found its way was about Allahabad or Cawnpore, not any higher than that?—That I have seen in the evidence taken before this Committee.

3878. In your experience, have you ever known any attempt at smuggling sea-borne salt into the coast of Bengal; it is almost impossible, is it not?—I should think it was almost impracticable.

3879. You have never heard of a case?—No; I have heard of instances of the illicit manufacture of salt in the Sunderbun, near the mouths of the Ganges, but that is a different matter.

3880. My question referred to ocean-borne salt; there is no attempt at smuggling that?—I never heard of any.

3881. I see that in the Oude accounts the actual expenditure for salt is in excess of the income. That, again, I suppose ought to be really viewed with reference to the whole salt revenue of the North Western Provinces, and the Central Provinces?—No doubt.

3882. Mr. *Fawcett.*] What is the whole revenue obtained by this expenditure, which is nearly 400,000 *l.*, I think?—The expenditure is nearly 400,000 *l.*; the revenue somewhat exceeds 6,000,000 *l.*

3883. Sir *C. Wingfield* (to Mr. *Gay*).] Have not salt works been licensed for the production of salt in Oude also?—I think there has been no private factory licensed recently; there was one manufactory started by Government; it was found to be a failure, and was given up almost immediately; people would not take the salt; it was much more impure than that which they had been accustomed to, and they would not buy it.

3884. Are there no salt works licensed in Oude now; I am not referring to the edible salt educed in the manufacture of saltpetre?—I am not aware of any.

3885. Mr. *Fawcett* (to Mr. *Harrison*).] Has ever any estimate been formed of the extent to which this revenue of 6,000,000 *l.* is a burden on the people of India; how much additional do you consider that the people of India are obliged to pay for their salt, in consequence of the Government raising this revenue of 6,000,000 *l.*?—I suppose 400 per cent.

3886. Has ever any estimate been made; for instance, if you obtain 100 *l.* as revenue from salt, to what extent that increases the price of the salt with which the revenue is obtained, because it is a well known principle, is it not, that the price of an article is often raised a great deal more than the amount yielded by it?—I should doubt whether that was true in this instance.

3887. Has there ever been any investigation made on the subject?—I do not think that I can do more than state the cost and the duty together.

3888. But how many people in India do you consider consume, or does the whole population of India consume, this salt on which duty is paid?—Except so far as illicit or contraband salt may be consumed on the sea coast.

3889. But

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3889. But I thought that in some places there are natural supplies of salt?—There are natural supplies of salt, and no doubt there must be a large consumption of salt that does not pay duty. It is not a subject on which I can give any information of value.

3890. I want to find out what is the amount which this tax represents as a poll-tax on each inhabitant of India. I simply ask whether you are aware if the Government has ever made any estimate of the number of people in India who consume salt on which duty is paid?—I have never made a comparison myself.

3891. (To Mr. *Gay*.) Do you know whether that has ever been made by officials?—No; I have never seen such an estimate.

3892. *Chairman* (to Mr. *Harrison*).] It would be necessary, I presume, to add something to the portion of British India that is brought under contribution at all events; the population of British India at all events, is taxed for the salt in greater or less degree?—Quite so; the rate is not uniform, but the whole of British India contributes to it.

3893. But from the fact that the British Government holds the seaboard, and also now holds the Sambur Lake salt as a source of its supply, is not a considerable portion of the native states of India also brought under contribution to the salt revenue?—No; I should doubt it.

3894. Is there a drawback allowed on the salt when it passes into the native states; take for example, the State of Hyderabad?—Probably they have their own sources of supply. (Mr. *Gay*.) There is something gained in Burmah. Tho whole of the salt consumed in Upper Burmah comes through our territory, and now pays Customs duty.

3895. And no drawback is allowed?—No

3896. *Chairman* (to Mr. *Harrison*).] Is it not also a fact that the native states who have no source of supply of their own get it from British territory?—That is so; this, perhaps, might be the proper place to notice a sum which is rather considerable in amount, which will appear afterwards under the head of "Allowances and Assignments under Treaties and Engagements," paid for the protection of the salt revenue, amounting to upwards of 40,000 *l.*

3897. What is that?—That [illegible] paid to the French Government under a convention of the year 1815. It was paid in consideration of the French Government in India giving up the right to manufacture salt, or raise any revenue from it on their own account in the Cuttack Province. The amount was 400,000 sicca rupees, 426,000 rupees of our present currency. And there is also a further sum of 20,000 rupees which is paid in Bengal in compensation for giving up the supply of salt which was made at one time for the use of the French settlement near Calcutta, Chandernagore.

3898. You mean that a certain sum is paid to the Government, and the people in the French settlement purchase the salt in the market with the duty on it?—Yes.

3899. And that I suppose represents what the French could get if they bought salt themselves, and sold it?—That is the view, I suppose.

3900. That would be a case in which a certain proportion would have to be added to British India for the purpose of computing the number of persons who consume salt?—Yes.

3901. Are there not some other cases of the same kind?—Yes, there are. There is a sum of 10,741 *l.* paid to the Cochin State.

3902. Is it in the same way a compensation to them for taking our salt charged with the British duty, and not making salt of their own?—Yes; and for the protection I apprehend of our own duty, which would be imperilled if they had a local system of manufacture.

3903. They being on the sea-coast could make an indefinite quantity?—Quite so.

3904. Is there any other State in that position?—No other that I am aware of. There is a similar payment to the Travancore Government which may be of the same character; that amounts to 7,314 *l.*

3905. We will now go to the charges for collecting the opium revenue; what is the amount of those charges?—The amount of the charges in 1870–71 was 2,014,000 *l.*

3906. In what provinces were those charges incurred?—They were incurred entirely in Bengal and Bombay, almost the whole being in the accounts of the Government of Bengal

3907. And can you state precisely what is the nature of those charges?—They represent the price of the opium paid to the cultivators under agreement with the Government and the establishment charged with the management of the revenue. The cultivation is divided into two great divisions: the Behar Division, as it is termed, which has its head-quarters at Patna; and the Benares Division, the head-quarters of which are at Ghazeeppore The charges, as compared with 1856–57, I may state in this way:—the establishment charges in 1856–57 amounted to 35,000 *l*, for the Behar Division, and to 34,900 *l.* in 1870–71, being very nearly the same amount. The payments to the cultivators scarcely admit of comparison, for it depends entirely upon the acreage under cultivation, the produce of the particular season, and the price. There has been some variation in the price which has been paid to the cultivators. In 1856–57 the price was 3¼ rupees the seer, which is a little more than 2 lbs., namely, 2 lbs. 1 oz.; that has increased to 5 rupees, which is the rate paid at the present time.

3908. What is the result in figures of the payments to the cultivators in Behar?—In Behar it was 664,000 *l.* in 1856–57, and 1,012,400 *l.* in 1870–71, in addition to manufacturing charges in Behar, which will vary with the quantity, 34,000 *l.* in 1856–57, and 49,280 *l.* in 1870–71; and certain travelling and contingent expenses amounting to 11,000 *l.* in 1856–57, and 17,700 *l.* in 1870–71.

3909. Can you state the relative quantities of Behar opium in those two periods?—The quantity of Behar opium brought for sale in the year 1856–57 was 22,000 chests, as against 22,900 in 1870–71.

3910. That would hardly represent the quantity manufactured in each year?—No; that was my difficulty. I am unable at the moment to state the produce of the season.

3911. It would seem to be rather stationary?—That is so.

3912. Do you find that there has been any increase of salaries in the establishments, apart from the payments for the cultivation of opium?—There is scarcely any change in this division in the cost of the establishment.

3913. In regard to the Benares opium, what is the

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the comparative charge in 1856–57 and 1870–71?—In the case of the Benares opium the establishment charges have increased from 25,600 *l.* to 36,900 *l.* The payments to the cultivators have increased from 323,000 *l.* to 691,000 *l.* The manufacturing charges have increased from 16,000 *l.* to 43,000 *l.* Travelling and miscellaneous charges have increased from 10,800 *l.* to 11,000 *l.*

3914. What has been the increase of the Benares opium in the two periods?—The increase in the production has been from 10,600 chests in 1856–57 to 18,000 in the year 1870–71.

3915. To what do you ascribe this large increase in the cost of establishment in Benares?—Although I stated the total charge for establishments in Behar to be very much the same for 1870–71 as it was for the earlier year, the fact is, that in the lower grades of officers there has been an increase in both provinces, and this increase has been balanced in great part by a reduction made in the pay of the principal officer, the opium agent. The largest reduction has been made in the case of Behar; the pay of the Agent has been reduced by 600 *l.* a year, and that has provided for an increase in the pay of the lower officers. In Benares there has been the same increase in the pay of the lower officers, but the pay of the Agent has not been decreased in the same proportion.

3916. That would not account for so large an increase as from 25,000 *l.* to 36,000 *l.*?—(Mr. *Gay.*) The net reduction would seem to be more, for one of the agents was formerly paid 42,000 rupees, and the other 36,000, and now they are both paid 30,000, rising gradually to 36,000; therefore, in Behar the average reduction would be 900 *l.* per annum.

3917. (To Mr. *Harrison.*) The establishment has remained stationary, or nearly so in Behar, whereas there has been an enormous increase in Benares; are we to ascribe that to an increase in the production of opium entirely, or to a change in the system?—That is due to the increase of area under cultivation.

3918. Do you know how it happens that the manufacturing charges have been increased so much as from 16,000 *l.* to 43,000 *l.*?—I think that that is due of course in part to the increased quantity manufactured, and there has been a considerable increase in the method of bringing it down to Calcutta; the charge for bringing by railway being considerably higher than when it was brought down in a fleet of boats; but it is considered to be better to employ the railway, as the Government was subjected in former years to the risk of very heavy loss from the loss of boats in transit.

3919. They get the opium quicker and in better order, and more certainly?—Yes, and there is an avoidance of a very serious risk of loss in transit.

3920. But the actual rate of charge you say is higher by the railway than it was by boat?—It shows higher in the accounts.

3921. There seems to be a very unexplained variation in the travelling and other miscellaneous charges; in Behar, where the produce is the same, the charges have risen from 11,000 *l.* to 17,000 *l.*, and in Benares, where the produce has nearly doubled, the charges have only risen from 10,800 *l.* to 11,000 *l.*; can you explain that?—I cannot give a very satisfactory explanation of the reason of it; I find the item on which it occurs; it is a commission paid to the native officers of the agents, but the reason for this I am not informed of.

3922. Do you mean in Behar only, because there is no corresponding increase in Benares?—No, there is not the same increase; I find the head of "Commission to the Native Officers of the Opium Agent," to have increased in Behar from 5,000 *l.* to 13,700 *l.*, and in Benares the corresponding charge shows a decrease from 6,300 *l.* to 4,300 *l.*

3923. You cannot give any further explanation of that?—I am unable to explain how that occurs

3924. Does that exhaust the whole expenditure in Bengal?—There are no other important charges; there are the charges connected with bringing the opium for sale in Calcutta, which amount to 3,000 *l.*, which do not perhaps require any special explanation; they consist of commission to the auctioneers, and certain charges for the storing.

3925. What is the total therefore of the expenditure for Bengal?—The total expenditure for Bengal is 2,011,000 *l.*

3926. In Bombay what is the expenditure?—In Bombay there is an expenditure of 2,400 *l.*

3927. What is that for?—That is connected with the collection of the duty which I mentioned in connection with the Customs and salt charges.

3928. The general expenditure being, as you have stated, thrown in with the items of customs and salt in Bombay?—Yes.

3829. Mr. *Eastwick.*] How is it that the 8 per cent. for which the gross receipt was collected in Bombay is so very much smaller than that in Bengal, excluding the cost of the opium?—In Bombay the opium revenue consists simply of a duty paid after the manufacture of the opium, merely on passing our frontier; it is collected at a very small expense, it would only correspond, I think, to the charges in Calcutta for opium, which will be found to be 3,400 *l.*, as compared with 2,400 *l.* in Bombay; those are the only items, I think, which will fairly admit of comparison.

3930. *Chairman.*] The item, I think, which you have already spoken of in comparing the general account of the three items of Customs, salt and opium in Bombay was 2,486 *l.*?—Yes.

3931. Is there no expenditure beyond incurred in Malwa by the British Government?—I think this sum of 2,486 *l.* includes the salary of one or two clerks at Ahmedabad and Indore, and Rutlam, for making the weighments of the opium.

3932. The whole of the rest of the expenditure to prevent the smuggling opium, goes to the charge of Customs or Excise, whichever it may be?—Yes, the whole of the revenue derived from opium of which we have been speaking, is exclusive of that which is derived from opium consumed in India.

3933. That we understand, but at the same time this does not exhibit the whole expense of collecting the revenue in Bombay, but all the additional expenditure to ensure the collection of the duty goes to the charge for Customs or Excise?—That is so.

3934. Mr. *Beach.*] Is there much trouble in collecting the revenue in particular years?—The revenue is realised by the simple sale of the opium by auction in Calcutta, therefore it is unattended with any trouble whatever.

3935. Are the cultivators anxious to avail themselves of the advances of Government; is there

there an increase in the number of applications?—I am afraid I should be unable to follow the Committee in any inquiry in that direction.

3936. Sir *C. Wingfield.*] The cost of establishments does vary slightly with the extent of cultivation, that is to say, if you restrict the cultivation, as has been done in some years, you then require a less establishment to look after it?—Yes, that will be so, but within moderate limits.

3937. Sir *Stafford Northcote.*] There is some opium grown in the Presidency of Bombay, is there not?—None that I am aware of; the opium is, I think, entirely derived from opium grown in the Malwa State, and beyond the limits of the Presidency proper.

3938. I do not quite understand the heading in the Bombay accounts, when speaking of the excise on spirits and drugs, "including cost of excise opium," and then "excluding cost of excise opium;" what is the precise meaning of that?—In Bombay, the excise revenue derived from the consumption of opium within the Presidency, is obtained by the purchase of opium by the Government for sale at enhanced rates, including the duty; therefore the cost of this opium has been taken out to admit of a determination of the real charge at which this revenue is realised.

3939. What is meant by "excise opium;" is opium that has been purchased and re-sold for consumption?—Yes, not an excise on the manufacture, but sold under excise regulations, under the supervision of the same department that takes cognisance of the revenue excise on spirits.

3940. Mr. *Cave.*] There is a Customs duty as well as an Excise on the opium that crosses the frontier, I suppose, from Malwa to Bombay?—There is a single duty, but the opium that crosses the frontier is only for export from the Port of Bombay, not for consumption within the Presidency.

3941. Where does that come from which is consumed within the Presidency?—That is purchased in Bombay, as I understand.

3942. You say that all that comes across from Malwa into the Bombay Presidency is for export, but some is purchased for internal consumption in Bombay; some is to stop *in transitu*?—Quite so; it would be taken out of the quantity no doubt that comes out of the native State.

3943. Would that be a double duty affecting it; would there be first the Customs duty, or is there no Customs duty at all?—I do not know the precise way in which that is managed, but I apprehend that the duty levied on passing the frontier, would be returned to the person from whom the purchase is made.

3944. Do you know whether it is carried in bond to the port?—It is carried under the supervision of Government officers.

3945. You do not know whether, when it is purchased at Bombay, the Customs duty is returned and an Excise duty levied?—I am not sure. (Mr. *Gay.*) I think that the system is as follows: When the opium passes the frontier, a bill is given by the owner for the duty to be paid in Bombay; the opium is then sent down, under bond, to the Customs authorities in Bombay, and is not released until this bill has been paid. I believe that the opium required for home consumption is purchased from the dealers who then own it, and they are paid as if they were selling it to an exporter.

3946. Does it then become liable to an Excise duty in Bombay itself?—No, it is then sold to the public at an enhanced price, so that the Excise duty is collected in that manner.

3947. (To Mr. *Harrison.*) Is there a strict Government monopoly in Bombay?—Yes; the first duty in this case will have been returned in the shape of the price paid to the owner.

3948 And then the extra price at which the Government officer sells it for home consumption constitutes what in the account you call an Excise?—Yes, quite so.

3949. Sir *Stafford Northcote.*] Then the price which the Bombay consumer pays for the opium is higher than the price which a foreigner would have paid for it?—I think it is, as a matter of fact, but it is fixed independently of the other.

3950. Do you suppose that by this system the Bombay consumer pays more than the Bengal consumer pays under the Bengal system?—I am not acquainted with the regulations under which it is sold in Bombay. In Bengal the rate varies in different portions of the Presidency, under different conditions. In the opium districts the Excise rate at which it is sold is low, from the facilities probably of obtaining illicit opium

3951. But what I want to know is whether the whole system of the taxation of opium, or the mode of working the monopoly of opium, is conducted upon harmonious principles; or whether in different Presidencies or districts different principles are adopted and acted upon?—It is a Government monopoly throughout India, with the exception of the Punjab, and the rate which the consumer has to pay for opium consumed in India, varies very considerably. Whether the same principle is kept in view in determining this rate is a question which I feel unable to answer.

3952. The fact that he has to pay a very different rate, seems to imply that a uniform principle is not acted upon; now I was rather wishing to ask you whether you had formed any opinion, or had the means of forming any opinion, as to the applicability of the Bombay system to Bengal, and as to the effect which the application of that system would have on the revenue derived from opium?—That question, perhaps, refers to the opium for export, which is a different matter

3953. *Chairman.*] In the column "Rate per cent." for the collection of duty, in the Bengal Accounts, page 16, the cost of collecting the excise revenue, if you charge merely the cost of collecting the revenue, apart from the cost that there is in collecting the opium excise, is described as 4·48 per cent, and including the cost of excise opium it is 18·255, so that the cost of the opium itself is 14 per cent. of the revenue; is not that so?—That seems to be the case in Bengal.

3954. If you turn to Bombay, 15 per cent. is the cost, including the cost of excise opium, and six-tenths excluding it, so that the cost of the opium is 14 per cent., that is to say, about the same as before?—About the same.

3955. Sir *Stafford Northcote.*] Do you know whether any opium is consumed in Madras?—The consumption in Madras, I have always understood, is very small.

3956. But with regard to what is consumed in Madras, how is it brought to account, or is it brought to account in any way; does the opium consumer in Madras come under the head of

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excise on spirits and drugs?—The information which I have received is that really there is no consumption of opium in Madras.

3957. Mr. *Eastwick.*] With reference to that question, can you say whether the Mapilas of the Malabar coast eat opium?—I am unable to say.

3958. *Chairman.*] We will go now to the charges for stamps; what is the total cost of the charges for collecting the stamp revenue?—The entire cost under this head is 101,610 *l.*

3959. Can you state what it was in 1856-57?—In 1856-57 it was 32,124 *l.*

3960. How do you explain that large increase; to begin with the charge of superintendence, what is that?—That shows an increase from 17,000 *l.* to 20,900 *l.*

3961. What is that increase from?—This charge is for the central offices at Calcutta, Madras, and Bombay, from which stamps are supplied to district collectors for sale.

3962. Can you state at the same time what the revenue was in 1856-57 as compared with 1870-71?—The revenue has increased from 637,900 *l.* in 1856-57, to 2,310,000 *l.* The great change dates from 1860. The stamp duties payable on almost all classes of documents were raised generally, and especially raised in the Presidencies of Madras and Bombay.

3963. But with regard to the superintendence, what is the cause of that increase?—It is from the work having very much extended, and the later Stamp Acts having thrown a very much larger number of documents stamped locally upon these offices; they are obliged to have more extensive appliances for stamping documents as distinguished from the sale of stamped paper. There is no general charge throughout the country for the management of the stamp revenue, the sale and superintendence being in the hands of the collectors, the land revenue officers, and no portion of their establishments being charged to this account.

3964. Then these expenses are the special expenses connected with the stamping of the paper and the distribution of the stamped paper?—Quite so. There are one or two small exceptions to it. I should state, that in Oude there is a commissioner of excise and stamps, half of whose salary is shown against this head.

3965. Is the whole of the operation of stamping carried on in India then?—With the exception of the adhesive stamps used for foreign bills and for some other purposes, which are supplied from England in a complete state ready for sale.

3966. Is the purchase of these adhesive stamps also included in the figure you have given us?—No, it will be found in the home accounts for the Government of India. The charge for the year 1870-71 for these and for the water-marked paper, which is used for the stamps, amounted to 23,000 *l.*

3967. That would have to be added to the 101,000 *l.* in order to give the total for the year?—Yes; in order to give the total for the year, the figure of 124,000 *l.*

3968. But apart from the adhesive stamps, is the paper all stamped in India?—Yes.

3969. This expense includes the expense of establishments for that operation?—Yes.

3970. Are there separate establishments?—Yes; there is one at each of the Presidency towns, Calcutta, Madras, and Bombay; and at the head-quarters of the other administrations at Allahabad, at Rangoon, and some other points, there are smaller establishments for the purpose of impressing documents.

3971. Does this also include the discounts allowed on the sale of the stamps?—Not the sum of 20,900 *l.* that I have mentioned. The discount amounts to 80,000 *l.* at the present time as against 15,000 *l.* in 1856-57.

3972. Where is the discount charged; is it charged at a discount or a deduction from the revenue?—It is charged as a discount, the gross receipt being as revenue.

3973. What item of expenditure is the discount under?—The discount is included in the total of 101,000 *l.* which I have mentioned.

3974 That of course will increase in proportion to the quantity of stamps sold?—Yes.

3975. Now we come to the Mint-charge. Will you be good enough to state what the whole expenditure for the Mints in India in 1870-71 was?—The whole charge in India connected with the Mints in 1870-71, was 59,532 *l.*, of which the Calcutta Mint cost 32,668 *l.*; the Bombay Mint 23,135 *l.*, and the small charge of 3,729 *l.* was for the Madras Mint, which although closed had not up to the close of 1870-71 ceased to be entirely a cause of expense.

3976. Then that Madras charge may be thrown out of consideration for the future?—Quite so.

3977. Can you compare the present cost of the Mints in Calcutta and Bombay with the cost in 1856-57?—In 1856-57 the cost of the Calcutta Mint was 56,800 *l.* as against 32,600 *l.* in 1870-71, and of the Bombay Mint 20,900 *l.* as against 23,000 *l.*

3978. What was the Madras Mint then?—The Madras Mint at that time was 17,460 *l.*

3979. What was the total cost of the three Mints?—The total cost of the three Mints was 96,000 *l.*

3980. In this case then there has been a considerable reduction?—There has been a considerable reduction, but the coinage is on a very different scale, and the reduction is in a great measure caused by the abolition of the Madras Mint. In 1856-57 the Mints executed a coinage of about 10,000,000 *l.* in value; in 1870-71 the value of the coinage was only 1,000,000 *l.*

3981. Then the establishments at the Mints in 1870-71 would have been in excess of the demands upon them?—That is the case; the expenses of the Mint in 1870-71 were found to be in excess of the receipts from duty on the coinage.

3982. But to what is that to be attributed; was it impossible to reduce the establishments of the Mints?—It is extremely difficult to reduce the establishments of the Mints rapidly; the main charges of the superintendence must remain very much the same, notwithstanding any temporary variations in the amount of work to be executed.

3983. Can you state what those charges are now?—In 1870-71 the Calcutta Mint (to take them separately) had an establishment of principal officers amounting to 6,500 *l.*, the Mint Master, Assay Master, and Deputy Assay Master; there is also an establishment of clerks and writers amounting to a little over 5,000 *l.*, and a Mint operative establishment amounting to 11,600 *l.*

3984. Would not the operative establishment be capable of reduction?—The Government has been fully alive to the occasion for exercising economy in the operative establishments of the Mint,

Mint, but it has been strongly urged by the Mint Master that it would be the reverse of true economy to disperse a body of skilled artisans who in India, more perhaps than elsewhere, could with great difficulty be replaced; and this is true, I understand, not only of the superior mechanics, but of all those employed in almost all the operations of the Mint, because a very little carelessness in the work of the lowest paid operatives might damage the machinery to an extent far exceeding any saving from the wages of this class for years; and these artisans if once dispersed could never be got together again. On these grounds, the establishment has doubtless been retained during a certain period at a higher charge than would have been justified by the work devolving upon the Mint at that time; since the close of the year 1870–71, the Mints have had somewhat larger employment; that has been since I left India, and I have no special information in regard to it.

3985. Do your observations apply in the same manner to the Mint at Bombay?—The same would be true of the Mint at Bombay; it can hardly be judged with reference to the returns for this particular year.

3986. Do you know whether there has been any increase in the scale of salary during the period?—There has been no increase in the scale of pay of the superior officers of the Mint, but there have been very great changes in the constitution and capacity of the Calcutta Mint since 1856-57. At that time the capacity of the Mint proved insufficient for the demands made upon it; not only was it unable to execute the large coinage of silver, which was required at the time, and which it was expected (and the expectation was justified by the event), would be required for a series of years; but the outcry for the supply of copper coin throughout almost all parts of British India was very great, and the mints were obliged to neglect it almost entirely from the want of power. At that time of course Oude and the Punjab, and the Central Provinces, and British Burmah, were new acquisitions; they all required to be supplied with copper, and it was in these circumstances thought necessary to add greatly to the powers of the Calcutta Mint by erecting a mint for copper coinage. This was done, and great additions were also made to the coining powers of the existing Mint.

3987. When did that occur?—The necessity for it was recognized about 1856. In 1861–2 the new copper mint at Calcutta was provided, although it was not then ready for work; that has cost 40,000 *l.*; and there were great additions make to the existing Mint, costing about 17,000 *l.* at the time, and these have involved a re-cast of the establishment, which has been attended with expense.

3988. Then we are not to estimate the work of the Mint by the value of the coinage, but rather by the quantity of pieces coined, whether copper or silver, are we not?—Quite so; viewed in either way the operations of the past years have been unimportant, for not only has the coinage of silver decreased in the proportion which I have mentioned, from 10,000,000 *l.* to 1,000,000 *l.*, comparing these two years, but the coinage of copper has been brought to a stand-still, the wants of the country having been supplied before the commencement of this year.

3989. Is it a copper or a bronze coinage?—Copper.

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3990. Is there any considerable loss on the coinage in this charge?—The total loss on the operations of the year are shown in these accounts; including the expenses in England connected with the Mint, they amount to 33,000 *l.*; the receipts from the duty on coining gold and silver, and other smaller receipts, amounting to 33,000 *l.*, and the entire expenses to 66,000 *l.*

3991. Mr. *Eastwick*.] Can you explain how it is that the amount of coinage has decreased so immensely?—The decrease is immense as compared with a limited time, the period from about 1855 to 1863, but if compared through a long series of years, the decrease will not appear by any means so large. The average for 20 years immediately preceding that period will not, I think, be found to be in excess of 3,000,000 *l.* a year, and that is an amount which, perhaps, may reasonably be expected to occur again as an average amount.

3992. But do you then think that a million fresh coinage a year is sufficient to supply the wants of India?—More than sufficient, I suppose, to supply the waste of coin or metal.

3993. You do not think that the coinage goes out of circulation to make ornaments, and so on?—It is a subject which has always been attended with very great difficulty to trace the destination of silver after it has been coined; but our coinage is burthened with a charge of 2 per cent., which is a clear loss to all persons wishing to use it for any other purpose than that of coin.

3994. But supposing a person brought bullion, would they charge him for coining it?—Two per cent.

3995. Does that not rather act so as to decrease the importation of bullion?—I do not think it operates in this way, because the effect of this charge is, of course, thoroughly understood, and the produce of a consignment of bullion to India will be valued with the liability of this charge.

3996. Is it the fact, then, that bullion is not coming in in the way it was; has the importation of it very much diminished?—It has very much diminished as compared with 10 years ago.

3997. Then, what has been done with the Mint at Madras; is it shut up entirely?—It is entirely closed.

3998. And is it to remain closed?—Yes.

3999. Keeping the building and machinery, I suppose?—No; the machinery of the Madras Mint is of no very great value, I think.

4000. Is it to be sold, or anything to be done with it?—The Government have endeavoured to sell it, as well as the remaining stock of copper and so forth, but the operations are entirely closed.

4001. Sir *D. Wedderburn*.] Is there any gold coined at present in the Government Mints of India?—During the past year I have had no information; for a year or two before that there was a small quantity, but merely a very small quantity coined. I can only infer it (with sufficient accuracy perhaps for the object in view), by the seignorage duty obtained on coining gold. I find in the year 1870–71 that 48 *l.* only was received in Calcutta, and 1 *l.* in Bombay; 49 *l.* in all in that way; that is a duty at the rate of 1 per cent., and represents an importation of gold less than 5,000 *l.* in value.

4002. How long has the Madras Mint been closed?—It was closed about two years ago.

4003. Does any reason exist in the case of the Bombay

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Bombay Mint for retaining it, which did not exist in the case of Madras, for I see that the charge in the case of the Bombay Mint is 7,000 *l.*?—The reason no doubt for maintaining the Bombay Mint, even if it could be shown that one mint would be sufficient for the coinage that may be required at the present time, would be for the convenience of the commercial community. I apprehend that the Mint at Bombay could not be closed without causing a very considerable amount of inconvenience.

4004. Is there any necessity for maintaining more than one mint in India?—I do not think the time can have arrived for dispensing with one of the two mints which we now have; it may be a matter for consideration in the future.

4005. In what form does the silver chiefly come to the mints?—Chiefly at the present time in bar silver, generally of a high standard; 15 or 16 better than the English standard.

4006. A very large proportion used to be French and Dutch coin, is not that so?—Yes; a large amount came in, in the shape of French five-franc-pieces; also some Dutch coin; that does not continue.

4007 Mr *Beckett Denison.*] Are there any other mints in India besides the English mints? —No important ones; there are a few maintained by ative princes, rather as evidence of their own state and dignity.

4008. Can you give a list of the Native Mints? —No; there is one at Hyderabad, and I am aware that there are others, but I cannot give you a list.

4009. You do not know how much they coin? —I know that in amount it is very unimportant.

4010. Mr. *Beach.*] Has the circulation of bank notes had any influence on the amount of coinage latterly?—It must have permanently taken the place of coin to an extent which perhaps may be measured by the amount which the Government have been able to invest out of the total circulation of bank notes in securities; that is an amount of 6,000,000 *l.*

4011 Mr. *Cave.*] How is the seignorage levied; is it by retaining a portion of the bullion tendered for coinage?—That is so; it is by the deduction of 2 per cent. from the calculated produce of the bullion tendered at the Mint for coinage.

4012. Is that 2 per cent. deducted uniformly from the different sorts of bullion, from gold, silver, and copper?—No, the duty is 1 per cent. on the coinage of gold, and 2 per cent. on silver; and on copper it would be inaccurate to describe it as a duty. The copper is manufactured by the Government, and is put into circulation at a price considerably in excess of its value as a metal.

4013. The copper is simply a token, then?—Yes.

4014. And the profit of the Mint must be very large upon it?—The profit probably amounts to about 40 per cent., that is the primary profit, for in the case of copper there is an obligation on the part of the Government to maintain it in circulation, so that in the course of years when it becomes worn out, it has to be withdrawn at its full value.

4015. Is the wear and tear rapid?—I estimate that copper coin lasts 30 years.

4016. Would you call the rupee a token?—No, the rupee is a standard coin.

4017. Does the 2 per cent. which is charged upon the rupee, represent the depreciation of value entirely?—Yes, the silver, considered as bullion, is depreciated to that extent.

4018. Does the alloy which is mixed with the silver, represent a depreciation of the silver to the amount of 2 per cent.?—The alloy is one-twelfth, or $8\frac{1}{3}$ per cent.

4019. *Chairman.*] When the silver is brought to the Mint, it is reduced by assay to the standard of the rupee, is it not?—The reduction is made in valuation.

4020. It is valued at the standard as to the quality of the silver?—Yes.

4021. And then the silver is given in, and a Government bill on the Treasury is given for that sum, minus 2 per cent, a certain number of days after date?—Payable as a matter of fact at sight.

4022. And then a person may go and get coined money by presenting his bill at the Treasury?—Yes.

4023. Mr. *Cave.*] Then comes the question whether, independently of that 2 per cent., which is clearly a tax paid to the Government for coinage, there is a gain to the Government by the alloy which is mixed with the silver?—No, there is no further gain.

4024. What purity is the gold?—One-twelfth alloy, eleven-twelfths fine gold; the same comparative standard.

4025. What is the amount of coinage at which the Mint begins to pay its expenses; can you tell that?—That would entirely depend upon the amount of copper coinage. Taking silver alone, I think it will require a coinage of 3,000,000 *l.* to cover the expenses of the year; but the actual amount will entirely depend upon the copper coinage that would be required to be executed, and that returns a much larger profit.

4026. Judging from what you have said about the amount of coinage which is necessary every year to supply the loss, you would say that there is very little prospect of the Mint ever paying its way in India, would you not?—I do not think that there is any prospect of the Mint ever being a large source of profit or revenue to the Government.

4027. Or of being otherwise than a charge?—Yes, I think that is probably true.

4028. Where does the bullion come from generally that is coined in the Mint; from what part of the world?—It mainly comes from Europe at the present time.

4029. What is the advantage of having a Mint at all in India, would it not be better to have all the coinage performed in England, and coined money sent to India?—That does not appear to me to be practicable.

4030. For what reason; there is no doubt as to the economy in the first place, that a large establishment could keep its people all at work, whereas an Indian establishment must be very frequently doing nothing?—Although it might be true that of late years the larger proportion of silver has come from England, such a measure would make that the only channel from which India could be supplied with silver coin.

4031. You know that we coin in England for Australia, almost entirely, and for Brazil, and other countries in South America to a great extent, and that they find it economical?—Does that apply to the standard of their currency?

4032. Of Australia clearly, and practically in Brazil,

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Brazil, where the sovereign is really a current coin?—The Sydney Mint still coins gold.

4033. To some extent, but nothing like the amount which is used in the country, but you have not considered that question as to whether it would be better to transfer the Mint to England?—I have not, I certainly should not think it a desirable measure.

4034. But still it is the reverse of economy, is it not, to keep an establishment which must necessarily be idle for a part of the year?—That consideration may, it appears to me, make it a question between one and two mints for India.

4035. You think that one mint could be kept at work during the whole year?—I do not say that, but I think that it would be necessary irrespective of the gain or loss, to have one mint in India.

4036. I should like to know your reason for that; I only ask you for information, why you think that a mint in India is a necessity?—Without facilities for coining silver locally, it would almost operate to prevent the importation of silver.

4037. But you would not care about the importation of silver, if you had a sufficiency of silver coin, would you?—I think that there has been and should be no attempt to regulate the importation of silver in any way.

4038. *Chairman.*] The silver that you get in Bombay is imported from China chiefly, is it not?—From all parts of the world.

4039. But chiefly from China?—That is not my impression. A great deal of silver has been imported at times from China, but it is not my impression that that is the case at the present time.

4040. Mr. *Cave.*] But still of course silver would go where there was a demand for it, and if there was a greater demand at the English Mint for silver, silver would go to the English Mint, and then you would have as much silver coined as you chose to order for India, and it would be made at the establishment where, owing to the larger operations, the system would be more economical; and I have not seen at present anything that would be injurious to India in such a change?—I think the question of the maintenance of the Mint is not one to be decided mainly on considerations of profit or revenue.

4041. *Chairman.*] If the silver was imported from other places than England, it would impose upon the people of India the tax, would it not, of sending to England the silver for coinage, and getting it back to India for use?—That would practically be the case.

4042. And has it not been the case that the bullion, which has come into Calcutta and Bombay, has come from various places, not only from England?—That is the case.

4043. The irregularity of the coinage arises, does it not, from the fact that the exports from India are chiefly agricultural produce, and therefore are regulated by season; the return produce comes largely at one time, and slightly at another time?—That has been so.

4044. In those cases, where there is a large import of silver, the merchant hands it over to the Mint, and gets cash for it, or credit, as the case may be?—Yes.

4045. The people there would be deprived of that economy and convenience if they could have no coined money in exchange for their imports of silver?—It would be considered to be an intolerable tax on the commerce of India.

4046. Mr. *Cave.*] But if a silver coinage was imported into India, and was issued at the same value that it is now, what would be the objection; in what way would there be a tax levied upon the people?—By the difference in the cost at which they could obtain the rupee, which would be that of sending the silver to the place, wherever it might be, at which the mint was established.

4047. If it were always issued at the same price there would be no difference in the cost, would there?—It is not correct to say that the rupee is issued at a fixed price.

4048. But the rupee is issued at the value of the silver; minus 2 per cent., is it not?—Yes; that is so, the rupee is issued with a charge of 2 per cent. upon it.

4049. *Chairman.*] If the merchant be allowed to deliver his bullion into the Mint at present, and get bills on the Treasury for an equivalent weight of the same standard, the Government would have to be at the expense of sending the bullion to England to be coined, and getting back the rupee coined, would they not?—That, of course, would throw the charge upon the Government.

4050. Mr. *Cave.*] Now the charge of coining is cast upon the Government, the question is, whether the Government, by an establishment like the Bank in Calcutta, could supply the wants of the people—the actual coinage, the mechanical work, being done in England?—Then, there is the element of time; the distance is so great, and the time occupied so long, that even if it could be shown that there was a considerable saving in the cost of the actual coinage operations, it would still be inconvenient for the Government to be dependent on so distant a source of supply for coin.

4051. Of course the Government, if they had their bank in Calcutta, or Bombay, or Madras, would have to keep a sufficient stock for the wants of the country; and it is merely a question of the mechanical work of making the coinage whether the whole charge would be greater in England or in India, the Government bearing it in both cases?—For the reasons I have given, I think it would be disadvantageous.

4052. *Chairman.*] Is not this a very exceptional year that we are speaking of; did it ever occur before that there was a loss?—No, not for many years; but for many years past a great part of the profit has been derived from the coinage of copper, and it is that which, as I have mentioned, has practically come to an end; that is the work of the first supply of all our territories; for the future the Mints will merely have to supply the waste of copper coin.

4053. But the coinage of Bombay and Bengal taken together until very recently, has been at the rate of more than 5,000,000 *l.* a year, has it not for some years?—I dare say that is true.

4054. Mr. *Eastwick.*] Might not there also be some political scruples about doing away with the Mint in India; is it not considered by Orientals, that coining money is one of the signs and forms of sovereignty, and if it was transferred out of the country, there might be some talk about it?—Very great importance is attached in India to the power and privilege of coining.

4055. I would just like to ask you whether

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you are aware that the American Government has just taken away the charge of coining on the dollar?—I was not aware of that.

4056. Lord *E. Fitzmaurice.*] I suppose, on the whole, you are of opinion, that if the coinage were done in England, there would be an increase of charge somewhere, either by having increased seignorage, or by an increased expense in some other way?—I have no doubt that it would be economically undesirable.

4057. Do I represent it in this way correctly, that persons who had hoards in India, instead of making their gold or silver into coin, would then make it into ornaments, do you not think that it might have that tendency, that not seeing a Government Mint, where they could have the metal directly coined, they would use it as I have suggested?—That effect might possibly follow.

4058. Mr. *Cave.*] There would be nothing, would there, to prevent the bullion being taken to a bank and exchanged there?—The bank would only purchase at some rate at which they would effect a profit.

4059. *Chairman.*] They would cover all the cost of getting rid of it; a merchant not being able to convert his bullion, would have to sacrifice it at whatever price he could get for it in the market?—Yes.

4060. The bank would only be able to give him such a sum as would enable them to send it somewhere else to get rid of it?—Yes.

4061. Lord *E. Fitzmaurice.*] But even if he could get it at the same rate, do not you think that the mere fact of knowing there was not a Mint in the country might influence a native's mind, and prevent him from bringing his bullion as naturally as he otherwise would, in exchange for coin?—I think it might have that effect.

4062. Sir *D. Wedderburn.*] I think the Government has made some attempts to encourage the circulation in India of the gold sovereign?—To this extent, that the sovereign is allowed to be received at all Government Treasuries in payment of Government dues and demands at a fixed rate, the rate being 10¼ rupees.

4063. And has any success attended that attempt?—Up to the time that I left India, 12 months ago, the number received under that regulation was extremely small.

4064. Mr. *Eastwick.*] Does the rupee correspond exactly to the two-shilling piece?—No, the rupee contains rather more silver than the two-shilling piece.

4065. Would it not be desirable to make it correspond exactly?—That has always been a matter of very great question, but I do not see that any advantage would be obtained.

4066. Is it not a fact that a very large sum in rupees was sent to England some years ago, and had to be re-coined, and there was a great loss upon it?—There was no loss upon that particular transaction.

4067. Mr. *Fawcett.*] Why did not the Government make a gold coin, estimated in the value of their own silver currency; why did they not coin a two rupee or three rupee gold piece?—Pieces have very lately been issued from the Calcutta Mint at the nominal value of 10 and 5 rupees.

4068. Is it legal tender?—No, it is not legal tender; it is a gold piece containing 120 grains of the same standard as the sovereign, the sovereign being 123 27.

4069. Is there anything in India to make it undesirable to have gold coins?—I think that in the last Session I put in an answer to a question, which I was allowed to reserve, of the honourable Member on this subject, and perhaps I may be permitted to refer to that now.

4070. Sir *D. Wedderburn.*] You explained, I think, to us, that the rupee was worth a little more than an English two-shilling piece?—Yes.

4071. Can you explain how it is that out of India, at Aden and Suez, and such places, they prefer the florin to a rupee?—The florin is over-valued in England, and has the English value assigned to it in Ceylon, for example.

4072. I referred more to Aden, and such places, where the two circulate on almost equal terms, but a distinct preference is given to the florin?—I was not aware that that was the case at Aden. (Mr. *Gay.*) I think I can explain it. The seignorage taken in England is about six per cent. on the coinage of silver, and therefore you can only get 10 florins for one sovereign, but you can get 10¼ rupees for the sovereign, though the actual weight of the rupee will be greater than the weight of the florin.

4073. But that scarcely explains why a dealer should prefer a florin?—Because he can exchange 10 florins for 1 *l.*

4074. Mr. *J. B. Smith.*] Were you in India at the time when the Government agreed to receive sovereigns for 10 rupees?—(Mr. *Harrison.*) Yes.

4075. And the rate of exchange at that time being above 2 *s.*, there was a considerable sum paid into the Exchequer?—A very considerable amount was paid in.

4076 But was it not the fact that the sovereign being intrinsically worth more than 10 rupees, when the circumstances which led to such a high rate of exchange as 2 *s.* 1 *d.* passed away, sovereigns were withdrawn from the Exchequer?—That was the case.

4077. You know that silver in Europe is the standard of value in some countries?—Yes.

4078. And the quantity of silver which is contained in a rupee being less than 1 *s.* 10 *d.* in Europe, it is not exchangeable for more than it would be in Europe?—It is worth rather more than 1 *s.* 10 *d.*

4079. Then it is hardly to be supposed that when a rupee is only worth 1 *s.* 10 *d.*, people would give a sovereign for 10 of them?—Certainly not.

4080. Then the reason why sovereigns do not circulate, therefore, is that they are of more value than 10 rupees, or 10¼ rupees at the present time?—The value of the sovereign in Indian currency can only be determined on certain assumptions. If it be assumed that India remains a constant importer of bullion, the market price in England of silver, with cost of transmission and Indian mint charges added, compared with the cost of laying down in India an equal amount by a remittance of sovereigns, form the best means of valuing the sovereign in India; viewed in this way, the sovereign is worth somewhat more than 10¼ rupees, and this is a sufficient reason why it should not circulate at that rate.

4081. Is it not exceedingly difficult to maintain two standards of value in any country?—It must be exceedingly difficult.

4082. Inasmuch as the price of gold is continually fluctuating, and the price of silver is continually

continually fluctuating, you cannot fix the value of the one in relation to the other?—Quite so.

4083. And therefore all the efforts of the Government to fix a price upon sovereigns have failed, have they not?—They have failed.

4084. And you could not make the sovereign a legal tender in India at a fixed rate?—No; I do not consider it practicable.

4085. Sir *J. Elphinstone.*] In all Eastern countries the value of the coinage fluctuates with the value of the bullion at the time?—Yes.

4086. Is the standard of the present rupee the old sicca rupee?—It is equal in purity to the Calcutta sicca rupee, coined since 1817, not to the old sicca rupee.

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4087. Is the standard of gold equal to the old gold mohur?—It is not equal to the old gold mohur.

4088. Has not that had some influence on the demand for coinage in which there is an alloy? —I think that the natives of India have a preference for gold of a high standard.

4089. They manufacture it into ornaments, and they consider it of more value for hoarding? —That is the case.

Tuesday, 23rd April 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Dickinson.
Mr. Eastwick.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler
Mr. Lyttelton.
Mr. M'Clure.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, re-called; and further Examined.

Mr. *E. F. Harrison* and Mr. *E. Gay.*

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4090 *Chairman* (to Mr. *Harrison*).] THE next item, I think, in the accounts to which I must direct your attention, is the item of 613,000 *l.* for the expenses of the Post Office in India; do you know in what manner that charge is brought to account in India?—That charge I divide into five principal heads; the cost of the chief office at Calcutta amounts to 14,600 *l.*

4091. That being the charge in 1870-71, what was the charge in 1856-57?—In 1856-57, the office had not been fully constituted; it was 1,300 *l.*

4092. In what way do you mean, it had not been constituted?—It was, I think, in the course of that year that the first appointment of the Director General of the Post Office was made.

4093. And before that it was only a local post office then in Calcutta?—Quite so, the Post Office management was not centralised.

4094. There was a separate post office for each Presidency Government?—For each Presidency Government there was a Postmaster General, and in 1856 the department was centralised, and the office of Director General of the Post Office for the whole of India was created.

4095. This establishment has grown up for his general superintendence?—Yes, the change followed almost immediately upon the reduction and equalisation of the rates of postage; there is a uniform minimum rate of postage of half an anna, about three farthings, all over India. The change in rates was made in pursuance of Act No. XVII. of 1854, following which, the Post Office was re-constituted, and the management centralised.

4096. So that, in fact, there is now only one Post Office revenue?—There is now but one Post Office. My explanation seems to be not quite accurate; the Director General's appointment had been made before the commencement of the year 1856-57; but he was absent in England during almost the whole of the year; and there was nothing but a small portion of his pay shown in the account for that year.

4097. Can you give the next item of the expenditure for the Post Office?—The next amount is 291,000 *l.*, which represents the aggregate of the cost of the offices throughout the country, that is the office establishments and the clerks and the postmasters.

4098. What was the corresponding charge in 1856-57?—In 1856-57 the corresponding charge was 171,700 *l.*

4099. Then will you explain in what manner the increase has arisen?—It has arisen from the increase in the number of post offices. In 1856-57 there were altogether but 779 post offices; there are now 2,743.

4100. Does that explain the increase of charge without any reference to any increased scale of salary?—No, I think not. An increase will be found in the average cost of each office.

4101. Is that increase due to increased business, or to an increased scale of salaries?—To both. Under the former organisation the post office was usually under the charge of the collector of the district, who had a clerk at a low salary, who managed the immediate duties of the post office. On the extension of the business it has been found in all large stations necessary to have some one in a more responsible position, to devote his entire attention to the business of the Post Office, increasing the cost.

4102. Formerly something was paid to the collector, merely, for an officer under him, in aid of his salary; is that so?—It was the entire salary, but of a person in a less responsible position.

4103. What is the next item under this head of expenditure?—The next great head is the cost of the conveyance of the mails; that has increased from 128,000 *l.* to 290,940 *l.*

4104. How is that increase made up?—In a great measure it is due to the same general cause, the extension of postal facilities, new lines having been organised in every direction; but the cost has also largely increased from the increased rate of wages paid to the post office runners. Through a great part of India the mails are still carried on the backs of post office runners.

4105. And is there any explanation of that increase?—The increased distances, due to the extension of the post office system.

4106. What facilities are afforded by the railways for the conveyance of mails?—The mails are sent by railway wherever the railway now reaches.

4107. Under the railway system have you anything to pay for the conveyance of the mails by the railways?—The railway companies, by their

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their contract, are bound to carry the mails free of cost; but there is a charge included in this sum of nearly 10,000 *l.*, which represents the payments to the railways for a service which they were not bound to perform under the contract, namely, that of conveying special carriages arranged for post office purposes, for sorting the mails in transit; that involves a cost of 10,000 *l.*, which sum includes the pay of the mail guards and the special trains, which have been sparingly used for the acceleration of the mails from England: there being only one through mail train daily from Bombay to Calcutta, if the mail steamer arrives in sufficient time after the departure of the ordinary mail, a short train is dispatched to overtake the ordinary mail on the road between Bombay and Jubbulpore.

4108. But then you would appear to have been able to effect a great saving in the conveyance of heavy mails in India on main lines by getting them conveyed for nothing, apart from this facility of the sorting carriages?—No doubt.

4109. The expenses, but for the railways, would be very much greater, having regard to the increased weight of the mails?—No doubt.

4110. Is there anything included in this item for the sea conveyance of mails?—There is one considerable local contract which the Government of India has with the British Indian Steam Navigation Company for the maintenance of a line of communication on the coast from Bombay to Calcutta, from Bombay to the Persian Gulf, and from Calcutta to the ports on the east coast of the Bay of Bengal, Chittagong, Akyab, Rangoon, and Moulmein.

4111. What is the necessity for employing this company to go round from Bombay to Calcutta when you have the railway from Bombay to Calcutta?—It would be of no advantage, or of very slight advantage indeed, as regards the communication between Calcutta and Bombay; it is for the purpose of facilitating communication with the intermediate ports on the coast; these steamers call at a number of ports on both the eastern and the western coasts of India.

4112. Then they are more accessible by steamer than by the land route, is that so?—That is so.

4113. Is this a running contract for a sum in gross, or is the sum paid upon any per-centage of letters, or otherwise?—No, it is a gross mileage.

4114. It is paid on the mileage of the steamboats, do you mean, or is it a sum in gross?—I mean that it is a gross sum fixed with reference to the number of trips to be made, and the distances to be run in the course of the year.

4115. Is that charge an increase upon the expenditure in 1856–57 under the same head?—That charge forms an increase to the full extent of the amount paid. There was no contract of that character in 1856–57.

4116. What is the next head of expenditure?—The next sum is 14,500 *l.*, the discount on sale of postage stamps; that is a pure per-centage.

4117. That is a sum allowed to those who sell the stamps by retail?—Yes. The officials at the post offices are required to maintain a stock of stamps at their own cost, that is they are required to pay for stamps on taking them from the local treasury, and they are allowed a discount of 6¼ per cent.

4118. To cover all the charges of sale?—Yes.

4119. That, of course, would be an increase in proportion to the sale in 1856–57?—Quite so.

4120. What is the next item?—There is a small sum classed as "miscellaneous," amounting to nearly 1,900 *l.* That is principally for petty repairs executed by the Post Office department of their own buildings, but it includes a small sum of 500 *l.* for the maintenance during one season of a line of passenger carriages between Nagpore and Jubbulpore, before the railway was completed.

4121. That charge is at an end?—Yes.

4122. What is the total of these, as compared with the total expenditure in 1856–57?—The entire cost in 1856–57 was 312,796 *l.*

4123. There is also an expenditure in England in connection with the service which I think has been explained?—That I think has been explained to the Committee.

4124. What is the total of the English and Indian expenditure?—Taking in the expenditure in England, the entire cost for the year is 754,940 *l.*

4125. In India you receive as against that all the prepaid letters from India to England, including the overland transit?—A portion of the sum so received is accounted for to the London Post Office.

4126. Is that included in this receipt?—No; besides the sum stated as the Indian Post Office revenue, we have received an amount which is accounted for to the London Post Office.

4127. Will you state what has been the increase of revenue as compared with this increase of expenditure?—The increase of revenue in the same period has amounted to 615,328 *l.*

4128. Can you state the total receipts in 1856–57, and in 1870–71?—The total receipts in 1856–57 were 189,907 *l.*

4129. And to what have they risen?—They have risen to 805,235 *l.*

4130. Can you give generally what has been the per-centage of increase of receipt as compared with increase of expenditure?—The receipts have increased by about 300 per cent., and the expenditure, speaking roundly, has doubled.

4131. And has this been accompanied with a diminution of charge for the conveyance of letters in India?—A large reduction was made a short time before the period to which this comparison relates, in 1854, the reduction that I have already mentioned; previous to that there was a scale according to distance.

4132. Has the foreign postage to Europe remained the same?—That has been subject to two or three variations About two years ago there was a reduction of 1 *d.* on the minimum weight on letters conveyed to England through the continent of Europe. But before that the rate had been raised 3 *d.* on every letter, whether conveyed through the Continent or by Southampton; that was at the time (I do not at the moment remember when it was) of the completion of the last contract with the Peninsular and Oriental Company.

4133. So that it is now 2 *d.* more than it was?—It is now 2 *d.* more than it was for a series of years.

4134. With regard to the foreign postage generally from India to England; is that collected at a fixed rate for ship letters, or are there other postal lines that are used?—On all letters conveyed from India by the English mail contract steamers there is a postage of at least 4 *d* charged for conveyance by sea, in addition to

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2 *d.* for terminal charges. The minimum postage to China and to Australia is 1 *s.*

4135. Are the other foreign postages only payable as ship letters at a small sum for putting them on board? — Yes; letters put on board ships having no postal contract are subject to a ship letter rate of one anna (three half-pence).

4136. Mr. *J. B. Smith.*] I did not exactly understand what was the net revenue in 1856 of the Post Office, and what it is now?—I do not think that I stated it in that form. The only comparison that the accounts will offer would be unsatisfactory from the change in the practice as regards the charge on official postage. In 1856-57 all public correspondence was carried free of charge by the Post Office; this amounts to a very large proportion of the entire receipts of the department. I stated the revenue of the department in 1856-57 at 189,900 *l.*; the expenses in that year having been 312,000 *l.*, that would show, without taking into account the official correspondence, a loss of 130,000 *l.*; but that loss is very much less than the value of the service performed to the Government in the conveyance of official correspondence.

4137. How are the accounts arranged now; when you state the revenue of the Post Office, does it include the revenue derived from the Government officials?—That is so.

4138. And then, according to that, does the Post Office now yield a profit?—The value of the official postage in the accounts for 1870-71 was 380,000 *l.*; if I take that out, the operations of the Post Office would, at the present time, show a loss of 192,000 *l.* against 123,000 *l.* (to give it more exactly) in 1856.

4139. But, as I understand you, since 1856 there are 2,000 more post offices?—That is so.

4140. And the rate of postage has been very much reduced?—Yes.

4141. So that under all the circumstances you would say that the administration of the Post Office has been a success?—I think so.

4142. Do you think that the revenue of the Post Office is likely to increase in a greater proportion than the increase of expenditure?—Yes, I think so.

4143. How long is it since this change has been made?—The change to the uniform rate of postage was made in 1854.

4144. *Chairman.*] You did not tell us from what it was reduced?—There was a scale according to distance; it was at the same rate as at present, half an anna for the minimum weight of a quarter of a tola (45 grains) within 100 miles, one anna up to 200 miles, two annas up to 300, and an anna additional for every additional 200 miles.

4145. Mr. *J. B. Smith.*] As regards the sea postage, I think you said that the rate charged for the sea postage had increased?—The charge has been increased from the formation of a single special contract with a company for the maintenance of local lines of communication with neighbouring ports, with the ports on the east coast of the bay, and with the Persian Gulf.

4146. And was that a new arrangement, or how were these ports supplied previously?—The communication was previously irregular. Our acquisitions in Pegu were then recent, and for a time communication with Pegu, and with our older settlements in Arracan and the Tenasserim provinces, was kept up irregularly by Government steamers visiting the ports; but there was no regular line of steam communication until this arrangement was made.

4147. What is the charge for the postage now to these ports?—It has been at times under consideration whether a change should not be made, but the postage on all correspondence between Calcutta and British Burmah, which is, considered to be within British India, is at the inland rate only, that is the uniform rate of half an anna for the minimum weight.

4148. But as I understand you, it costs the Government considerably more than that?—No doubt.

4149. Did not you say that the charge was 2 *d.* a letter by the Peninsular and Oriental Company?—If sent by the Peninsular and Oriental steamers the postage is 6 *d.* between Calcutta and Madras; if sent by the coasting steamers, it is half an anna on the minimum weight, which is not the same weight.

4150. There is a very serious loss on the letters which are carried by the Peninsular and Oriental Company?—No.

4151. As I understand you, you charge half an anna, whilst the Peninsula and Oriental Company get 4 *d.*?—The sum of 4 *d.*, which I mentioned, is not paid to the Peninsula and Oriental Company, nor would any letters be sent by their steamers unless the contract rate of postage was paid upon them.

4152. Then what are the letters on which this heavy charge is placed of 4 *d.* a letter?—On all letters which the public desire to be sent by that means; it is the quickest form of communication between Calcutta and Madras, and all letters of sufficient importance, and which are pre-paid at the rate of 4 annas, or 6 *d.* a letter, are sent by that conveyance. All other letters would either be sent by land or by the local contract steamers.

4153. Is there a loss upon that contract; do the letters which are sent by that conveyance pay the expense which the Government incurs?—No, I should suppose not.

4154. You do not know what the loss is?—I do not know the amount of the loss.

4155. Sir *T. Bazley.*] Do you know what proportion of the postal communication is by railway?—I could not state the proportion.

4156. What are the other agencies besides railways?—Over some important lines of road mail-cart establishments are maintained by the Post Office. On the less-frequented roads the mails are still carried by Post Office runners.

4157. Do not the rivers afford great postal convenience?—No; the river communication is always slow. The ordinary rate of travelling by rivers against the stream is 15 or 20 miles a day.

4158. Then few communications go by river?—On certain routes in the east of Bengal a few regular river lines of communication are kept up; but it is never a satisfactory mode of keeping up postal communication.

4159. Do you think that half the communications go by railway at present?—It would be mere conjecture if I were to answer the question.

4160. Sir *D. Wedderburn.*] When the charge on the minimum weight to Europe was increased, was not the minimum weight itself increased also?—On all correspondence sent by Southampton the minimum weight has always been the same as the English minimum weight, namely, half

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half an ounce. For a number of years, on correspondence sent by Marseilles, only the French minimum weight could be sent at a single rate of postage. In that way for all letters sent by Marseilles the minimum weight was a quarter of an ounce; but a concession was made by the French Post Office at the time of the increase that was made in the general charge, in consequence of which the Post Office was able to apply the English minimum weight to letters sent by Marseilles.

4161. Is there any marked falling off in the number of letters sent owing to that increased postage?—I am not aware.

4162. Mr. *Lyttelton.*] What has been the rate of increase in the salaries of the Post Office officials?—I have not brought with me the numbers employed in the Post Office, and I think it is uncertain whether I could obtain them in this country.

4163. Have the salaries risen, generally speaking, in the same ratio as the salaries of other officials in India?—They have.

4164. And is there the same rate of increase with respect to the salaries of natives and of Europeans? — Generally there has been but little increase in the scale of salaries paid in India to superior European agency; little, if any.

4165. Has the increase been mainly then in the lower ranks?—The increase has been mainly in the lower ranks and in the native servants of Government of all ranks.

4166. Is the Post Office mainly officered by natives, in its lower ranks?—It is principally.

Colonel DANIEL GEORGE ROBINSON, R.E., called in; and Examined.

Colonel *Robinson,* R.E.

4167. *Chairman.*] WILL you be good enough to state what is your office?—Director General of Indian Telegraphs.

4168. Does all the expenditure on account of telegraphs in India come under your observation?—I am responsible for it.

4169. Can you explain somewhat in detail the account that has been laid before us for 1870–71, showing a total expenditure on account of telegraphs of 380,000 *l.* in India; what is the first item?—Direction. The Budget Estimate for 1870–71 is 19,584 *l.*

4170. Can you give us a comparison, or can any useful comparison be instituted between the expenditure at present on account of telegraphs, and that which existed in 1856–57?—I have the total expenditure here. In 1856–57 the total expenditure was 97,546 *l.*

4171. Is the telegraph system so largely increased since then, that no useful comparison can be made between the expenditure in 1856–57, and the expenditure in 1870-71?—It is altogether altered.

4172. What is the next head of expenditure? —Accounts; that is simply the cost of the Accounts Office; that is a new department, constructed about five years ago.

4173. Before leaving the direction, what is embraced in the cost of direction that makes it so large?—The Director General, his deputy, the Director of Traffic, the Director of Construction, and the clerks attached to their offices.

4174. What is the next head of expenditure? —Superintendence.

4175. What is the amount of that? — £. 195,307; that is the Budget Estimate.

4176 Why does that amount to so large a sum?—The whole net work of telegraphs is broken up into circles of superintendence, each having a superintendent, assistant superintendents, overseers, and signalling establishments; their salaries and expenses are classed together under the head of "Superintendence."

4177. Is that a regular establishment now with a gradation of ranks and promotion?—Regular ranks and promotion, and fixed rates of pay.

4178. Can you state how far the present scale of pay is the same for similar duties as it was in 1856–57, or is there any increase in the pay?—It is more than double now what it was in 1856–57, for precisely the same duties.

4179. Is that applied to all classes, both European and native?—Between the two.

4180. The higher and the lower grades?—Yes, excepting the very subordinate men, the mere labourers; they get the wages of the country. I should explain that a great increase in salaries was due to the public outcry of some seven or eight years ago. The telegraph system was considered very indifferent, and there was in fact a Committee of Parliament assembled here, which I had the honour of appearing before, and they all agreed that an increase was required.

4181. To secure greater efficiency?—Yes, and greater efficiency has been secured.

4182. Are there no complaints made of the forwarding of messages now? — Practically none.

4183. What is the next item of expenditure? — Construction. I see nothing included here in the budget for construction, and I do not understand it; that ought to be a large item.

4184. The construction has cost, I understand, about 27,000 *l*?—I dare say it has during the year.

4185. Do you mean by construction, the construction of new lines?—Yes.

4186. Then what is the next item?—Repairs; that explains itself. Then stores and workshops.

4187. How much is that?—£. 25,482. The workshops are the shops in which we make all the stores that we can make cheaper in India than we can import them. The stores themselves do not come to near so much as the figure I have given

4188. Do you systematically do all the work you can in India in the preparation of stores?—It is a question of market entirely; if we can do it cheaper in India we do. We make our own small cables for river lines; a great number about four miles long.

4189. Do you indent upon the Home Government for everything you require from England? — Everything we require from England we get from the Store Department of the India Office.

4190. Was it in that year 75,000 *l.*? — Our indents do not depend so much upon what our requirements are for the year, as upon the state of the store yard. If the finances in India

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India are low, we do not get many stores from England; they will not pass sufficient money to purchase them in the Budget; but when the finances are in a more flourishing condition, they allow us to fill up the vacancies.

4191. You keep your store yard sufficiently full to enable you to keep the telegraph in working order?—Just so.

4192. Do you find any difficulty arise in getting your stores from England; are they generally of a good quality?—Yes, I think so.

4193. Have you ever condemned any on account of their not being of a good quality?—Yes; it is almost contrary to human nature not to have some failures.

4194. What do you do then?—We report them to the India Office.

4195. Are they sent back to England?—No, never; they are sold by auction, if they are a large quantity, but practically only a small quantity is condemned.

4196. Would you charge the contractor with the loss if they were condemned?—I suppose it would be done at the India Office. I know nothing about that, but practically we have never had anything of the kind.

4197. Has the condemnation of stores ever been a serious item of expense?—Sometimes. We have had iron tubes for our poles shipped in vessels that were leaky, and the salt water has destroyed them entirely.

4198. But you have had very few stores condemned on account of their being defective as they came from the contractor?—Yes; the check in England, I am bound to say, is very severe.

4199. Do you find that the wires, and the other things, are of good quality?—Yes, generally speaking; there has been always great attention paid to telegraph stores by the India Office.

4200. Then what is the next item?—That is the training school (it can hardly be called a training school) for signallers; that we have done away with now. In former days we never could keep signallers more than two or three years, and now we have no difficulty in getting as many as we want on very good terms.

4201. What is the next item of expenditure?—For the Indo-European line of telegraph. Of that I know nothing whatever; that is under a different administration altogether; that is under Major Champain.

4202. Why is that?—It has always been so. It was not originally intended to be so.

4203. Where does that line connect itself with your system?—From Kurrachee up the Persian Gulf.

4204. You do not receive the messages at Kurrachee, but they are received by the administration of the Indo-European line?—They are handed over to us at Kurrachee, but we have the two offices together now; they used to be separate.

4205. Do they transmit them?—We transmit them; their clerks receive them.

4206. Are they taken down for re-transmission?—Yes, because they all come by cable, and if messages passed from the cable on to the land line the cable might be spoilt.

4207. What is the next item?—Ceylon telegraph; that is 6,460 *l.* We work that telegraph as a matter of convenience for the Ceylon Government, because the tariff was so enormous that they charged upon Indian messages that we considered it of advantage to the general revenues of India that we should take over the Ceylon telegraphs, work them at whatever we could get for them, and stand the loss. There is a loss of perhaps 3,000 *l.* a year in working them.

4208. Is that the whole telegraph system in Ceylon?—The whole of the telegraph system in Ceylon. They made us a present of their lines on condition that we should hand them back at any future period in equally good condition.

4209. Does that include the cable between Ceylon and India?—That belongs to India.

4210. Do you avail yourself of the railway telegraphs in working the Indian telegraphs, or is that a separate system?—It is unfortunately almost a separate system. It is a difficulty that we have been combating for the last three years, and I hope now that we are approaching a solution, so that the railway system may be amalgamated with that of the Government.

4211. Do they transmit messages?—Yes, it is not satisfactory at all.

4212. They transmit them for the public, and charge?—Yes.

4213. Is there a kind of competition, wherever there is a railway, between the Government and the railway, in the transmission of messages?—Yes, there is competition.

4214. Are their rates the same?—Yes, they are obliged to work under license, and they are obliged to work under the same system, and under the same rates of charge as the Government lines. Originally they were not allowed to compete, but some eight or nine years ago, when the Government telegraph did not work satisfactorily, they were allowed to carry messages with an increased rate between places connected by Government lines. On both sides of the railway there are telegraph lines; on one side is the Government line, and on the other side the railway line, both supported by Government revenue.

4215. There are two sets of wires and two establishments wherever there is a railway station?—Yes. It is a great waste of public money.

4216. I do not see any charge here for the delivery of messages or persons employed for that purpose; how is that accomplished?—I see here, under the head of "Superintendence," they must have mixed up signalling officers, who ought not to be under the head of superintendence. The delivery ought to be under the head of the signalling establishment. That is also put under the head of superintendence, and it is a mistake.

4217. Have you any relations with the post office of India for receipt or delivery of messages?—Merely as a matter of convenience. Places having no telegraph office would have messages sent to the nearest telegraph station, and then they would be sent on by post.

4218. But as a rule the telegraph offices are not in post offices?—No, I tried the experiment at one or two places where there happened to be European officers, and it did not answer. The post offices have the bullock train, and they have their own proper work, and they have as much as they can attend to. If you gave them the telegraph work, each man would require to be paid for the knowledge of three duties instead of the two duties which they have at present.

4219. Then

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4219. Then the post office does not in any way assist you by special receipt or special transmission or delivery?—Yes; the fee for a registered letter is four annas; the fee for a registered telegram is only one anna. There is a uniform tariff of one rupee for all India, but from the cost of every message one anna is paid to the post office instead of four annas, as the registration fee. They also allow telegrams to be sent through the post office with postage stamps as a matter of account; it is a mere matter of convenience.

4220. Then the only service which the post office renders is in the transmission by the post as a registered letter of a telegram?—That is all.

4221. But they do not accelerate by special messengers the transmission of telegrams?—Not in the least; practically they would not have the power, because the distances are so enormous; we could do it as well; there is no necessity to put that duty on the post office.

4222. Are there any other marine lines with which you are in communication except the Indo-European and the Ceylon?—The Red Sea cable companies, namely, the British Indian Extension, and the British Indian Submarine. One connects with us at Bombay, and the other at Madras.

4223. In what manner are they carried on; do you give them any special facility?—They terminate their cable in our building. Their office is separated from the Government Office simply by a panelling, with little doors in it, and the telegram is simply pushed through these little trapdoors from one office to the other, so that there is no delay whatever. We do all the delivery; they have nothing to do with the delivery of messages.

4224. Do you, in the same manner, collect messages for transmission by them?—Entirely.

4225. What system is adopted as to the selection of your own line or the Indo-European line, or the other submarine line?—The Government of India is a party to the International Convention. The International Convention requires that when a telegram is marked by the sender to go by a special route it must go by that route, and if not so marked it must go by the cheapest route. It so happens that the Turkish line is the cheapest. The submarine line goes up from Kurrachee to Fao; the line branches off at Teheran, called the Indo-European; but from Fao you get on to the Turkish line to Constantinople, and thence there are eight different lines to England.

4226. As regards the Indian lines, I understand that you put in your account the Indo-European line which is represented at Kurrachee?—Kurrachee to Fao.

4227. You discharge yourselves of the message at Kurrachee?—Yes.

4228. Therefore if the special route is not indicated you send it to Kurrachee?—Yes; but a large notice is put up in the offices requesting the senders to state what line they would prefer, and there is also recorded every three or four hours the rate at which messages have been coming from England by the different routes, so that they can tell at once what line is interrupted and what line is working best.

4229. That, I suppose, is given at the principal offices?—Yes. Practically speaking, the Indian traffic is dependent on the 8 or 10 great mercantile ports and towns of India.

4230. Do you charge the submarine lines the ordinary inland rate for transmitting their telegrams?—We treat their messages simply as the post offices would treat a letter arriving by the steamers. We have got our internal tariff, which is altogether different from the International tariff. The internal tariff is one rupee for six words, delivered free all over India. If it happens to be in conventional language, which is the usual way in which commercial telegrams are sent in, thus, sparrowhawk may represent bills of lading for 10,000 *l.*, or some other bird may mean, "I have drawn upon you for 10,000 *l.*," then we charge double; and if it is sent at night after sunset, or before sunrise, it is doubled again.

4231. What I wanted to know was, if the charge that you made for a message delivered at one of the ports from a submarine line is precisely the same as if it were a telegram delivered at that place to you, or do you make any difference?—We make no difference whatever. A telegram received in Kurrachee by the Kurrachee route pays exactly the same as if it were delivered in Kurrachee by the Bombay route, or as if it were delivered in Calcutta.

4232. Is that all the expenditure incurred for telegraphs?—That is all that is marked here.

4233. Can you give the income for the same year for telegraphs?—The revenue on private messages was 107,811 *l.*; 12,132 *l.* on account of Government, and 4,589 *l.* on account of sale of stores, making a total of 124,532 *l.*

4234. Do you receive a sum also on account of the Indo-European line for the messages transmitted by them?—No, we receive the money, but it is a question of account.

4235. You do not include that in your account?—No, it is purely Indian and Ceylon revenue.

4236. Then there would be, in addition, as part of the revenue from telegraphs, the receipts from the Indo-European line for messages sent to England?—Yes.

4237. Is that 66,335 *l.*?—I could not tell you the exact amount for that year, but I think their expenditure and their revenue very nearly balance.

4238. Sir *C. Wingfield.*] Suppose a message is sent to Calcutta, is so much of the charge as is for the land line from Bombay to Calcutta credited to the Indian revenue?—Entirely; it is a matter of account between the two departments.

4239. *Chairman.*] Can you state the revenue in 1856–57 in order to show the growth of it?—£. 29,843, altogether.

4240. Can you state the division of that?—21,626 *l.* was for messages for the public; 8,134 *l.* for messages for Government, and 83 *l.* sale of old stores, making a total of 29,843 *l.*

4241. Can you give us the extension of the length of the telegraph wires, and the increase of the number of officers?—I could not tell you what the growth is, because previous to the Mutiny they were satisfied with a very primitive arrangement.

4242. Could you tell us what was the length of wire in 1856–57?—I have not the least idea. It might be found at the India Office, but I am afraid that it would be impossible to find it out.

4243. Can you tell us the increase of the expenditure for the construction of lines. I mean the cost of the telegraph lines up to the present time?—About 1,900,000 *l.*, I think.

4244. What was it in 1856–57?—I make it

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out to be about 358,000 *l.* up to 1856–57. It appears there were about 11,269 miles in 1857; it is not very clear, but I suppose so from the context; and now I do not think there are more than about 14,500 *l.*, but in those days they were single lines, and now there are six and eight wires upon one set of posts.

4245. Are there any other matters which you have to state. Have you the number of messages for instance. If you cannot go back to 1856–57 can you give us any idea of the progress during the last four years, for example?—Yes. I have here a return in the margin of the number of messages of all descriptions despatched during the years 1867–68, 1868–69 and 1869–70.

4246. Will you give us first the Government service messages?—The number of telegrams sent by Government in 1867–68, was 41,306; in 1868–69 it was 40,615, and 1869–70 it was 39,403; the number for 1870–71, I have not got.

4247. That is 37,600, I believe. Can you explain to the Committee to what the decrease of the service messages is to be ascribed?—The very severe control that is kept over them.

4248. So as to prevent private messages being sent as service messages, you mean?—Quite so, and individuals having to pay for them; they have to pay for them in the first instance, and recover afterwards.

4249. That is the system now adopted?—That has always been adopted; they are not allowed, except on *bonâ fide* service, and when they are of such a nature that the post would not perform the duties sufficiently quickly.

4250. We understand that as a system all this expenditure which is credited as revenue to service messages is charged to the various departments who send the messages as part of their expenditure?—Yes, they charge it; we do not charge it.

4251. What has been the state of the private messages during the same period?—The numbers were as follows: In 1867–68, 269,638; in 1868–69, 333,856; and in 1869–70, 445,215.

4252. And in 1870–71 I have it, 539,000?—The value of that will not be in the same proportion.

4253. Why not?—Because the tariff has been altered. In former times we used to charge by distance, and now we charge a uniform rate all over India for all distances.

4254. Can you state also the number of marine telegrams that have been received and despatched during the same period?—The numbers were as follows: In 1867–68, 28,351; in 1868–69, 32,559; in 1869–70, 43,291; and in 1870–71, 67,020.

4255. Can you tell us from your knowledge of the telegraph system and its working whether you think that there is any probability of the income from the telegraphs equalling the expenditure?—They have just altered the tariff to something like the English system, only it is much more expensive; six words go for a rupee all over India, and the address free. That is expected to bring an increase of about 40 or 35 per cent.

4256. Do you anticipate that at any early period the expenditure and income will equal one another?—I am afraid not. The masses cannot use the telegraph; it is out of their power altogether.

4257. It is limited to a comparatively small class, the Europeans and the trading natives?—A few trading natives, and the rest are Europeans; and the services do not use it much; if an officer wants anything he generally writes for it.

4258. Do you consider it a good system to have a uniform charge so exceedingly high as 2 *s.* for every six words?—We have tried everything pretty nearly, and this is the last experiment.

4259. Formerly could you send a telegram a smaller distance for less?—The rupee takes the place of the English 1 *s.* in Indian pockets. I mean that people say "It is only a rupee, in the same way as they say in England it is only a shilling;" they will give a cabman a rupee, where in England you would give him a shilling.

4260. Mr. *Hermon*.] They are more extravagant in India than in England?—They have not so many means of spending money.

4261. *Chairman*.] In former times could you not send a message a considerable distance for half-a-rupee?—I do not think we ever could; I do not think it was ever less than a rupee; in six words, with the address free, you can express an idea; I think Sir Charles Wingfield will admit that the rupee generally goes for a shilling in India.

4262. Sir *C. Wingfield*.] In India do you allow cypher messages?—Yes, and they pay double.

4263. Do you allow "packing?"—Well, we should not know anything about it.

4264. Do they practise "packing" in India?—I do not think we should inquire into it.

4265. Was not that question raised the other day as to whether they should not try to prevent it?—I think it was pretty well decided that we had no business with it.

4266. Sir *D. Wedderburn*.] What is "packing?"—"Packing" is several clubbing together to send a telegram, like putting several letters in one envelope.

4267. Mr. *Hermon*.] Is the deterioration of the wires great in India?—In some cases extreme; on the Ceylon coast they wear away in less than a year.

4268. Mr. *J. B. Smith*.] Does the income of 241,000 *l.* include the Government messages?—That must be including the Indo-European; that includes everything; the Government are just the same as any other constituents; they pay just the same.

4269. And this sum of 241,000 *l.* includes the whole?—Yes.

4270. But it seems that the expenditure is in excess by 241,000 *l.*?—The expenditure is immensely in excess; that which is stated in the account before you includes construction, which is a capital account; the actual loss upon working is about 80,000 *l.*

4271. *Chairman*.] There is an item of 27,000 *l.* for construction, and that would reduce the expenditure by that amount, and then there are the stores that do not go into the account, I think?—The English stores are charged to the works as they are used.

4272. Mr. *J. B. Smith*.] Do you charge a uniform rate all over India, for six words one rupee?—Yes, with the address free.

4273. What is the charge in excess of that?—Supposing that there were 18 words, that would be three rupees; it is one rupee for every six words.

4274. Have you tried it at a lower rate?—We had the rate of a rupee for 10 words, and we had

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had a rupee for 20 words once, going 400 miles only.

4275. Have you found this six-words scale work the best?—It is quite new; it has only been introduced within the last two or three months.

4276. Then you cannot form an estimate?—No; Lord Mayo was very anxious to get the revenue extended to come nearer to a balance, but the fact is that India is so conservative that it is very difficult to get the masses to use it generally.

4277. It is chiefly used by Europeans?—Europeans and traders in the Bombay market; it is used chiefly there by speculators, gamblers you may call them.

4278. You are not sanguine of much improvement, as I gather from you?—There is a steady increase every year of about 25 per cent., but our expenditure grows too.

4279. Are the charges on the European lines to India very heavy?—No, I think not; it is 14 *s.*, I think, from London to Constantinople for 20 words, not including the address.

4280. And what is the cost of that?—I have not the new tariff here, but it is 4 *l.* to India for 20 words.

4281. Do you think that, supposing those charges were reduced, it would lead to a considerable increase?—No; because there is an immense profit in the use of telegrams to the mercantile community, and therefore they are not kept back from using the telegraph by a high price.

4282. Sir *T. Bazley.*] You have said that some of the stores for telegraphic communication can be supplied cheaper in India than from Great Britain?—Yes.

4283. Of what nature are those stores?—We make our small signalling instruments entirely; what is called a sounder we make ourselves, and we make our small cables ourselves, and many petty stores.

4284. But not your own wire?—We import the wire and import the core, and put them together to form a cable.

4285. How much cheaper do you supply those things than you could import them?—I suppose we make a cable 35 per cent. cheaper, because the expense of carriage to India is so enormous; it must be brought out in a tank filled with water.

4286. Sir *D. Wedderburn.*] You have said that you have tried almost every mode of charging the telegraph messages; it does not seem that you have yet charged a low uniform rate?—One rupee all over India.

4287. When you said that a rupee was the equivalent of a shilling in India, I suppose you alluded to the Europeans?—Entirely; a European parting with a rupee parts with it as he would with a shilling.

4288. That certainly does not hold good with a native; but you do not think that a low uniform rate of charge would induce the natives to use the telegraph extensively?—No, nothing that would at all remunerate the department; if you came down to 6 *d.* you might get them to use it, but not to a large extent.

4289. Would not a great many messages sent for 6 *d.* pay you better than a much smaller number sent for a rupee?—No, because they would block the wires; and we have to pay our signallers so high, on account of the climate, that they could not do it. The mean distance that the messages are sent is 1,000 miles.

4290. Mr. *C. Dalrymple.*] What is meant, in reference to the telegraph, by the expression "charges of collection"; it appears an enormous item?—That means the entire charge of administering the telegraph.

4291. And that whole amount is very much greater than the gross receipt?—Very much larger.

4292. Is that a temporary state of things?—No, I am afraid that it is chronic; our collections increase annually largely, but our expenses also increase.

4293. Mr. *Lyttelton.* I suppose most of the Government telegraphs alongside of the railways were constructed after the railway telegraphs?—Yes, they were brought on to the railways as the railways opened.

4294. Why were they so constructed?—By the agreement with the railways, and the Government have the power of putting their wires on the railway posts.

4295. But why was a double line constructed?—The railway license obliges them to allow the Government to hang their wires on the railway posts on paying half the value of the posts; they have raised such obstruction from doing so, that we have never been able to do it; and yet those are railways maintained by Government guarantee.

4296. You expressed an expectation that that state of things would shortly come to an end; can you tell us what means will be adopted to bring about that result?—I believe it has been laid before the directors in England; it is a common sense thing that there should not be this double system, but that they should work together for the benefit of the public. I understood a short time since from India that the difficulty was likely to be solved. I have mentioned in my report here, as one of the results of this independent practice, that "Messages sent by the railway wires for Calcutta, Matheran, Oomrawattee, Nassick, Dhoolia, and other places in which there is a Government telegraph office, and which are distant 5 to 25 miles from the railway wire are sent by post or porter, instead of by the Government wire," whereby a delay is incurred of several hours; there has been no amalgamation at all hitherto.

4297. *Chairman.*] Can you give the Committee any statement of the cost of the railway telegraph system in India?—No; except that our cost is about 105 *l.* to 130 *l.* a mile, and theirs varies from a little above to a little below that.

4298. I mean the present annual working expenses and receipt of the railway telegraphs; have you a summary of that?—I have, somewhere; they do not get above one-tenth of our revenue; it may be put down as 12,000 *l.*

4299. What is their total of expenditure?—They must have their telegraph for train signalling; the things are mixed up together, one cannot separate them.

4300. In their accounts do not they separate their telegraph expenditure from their ordinary expenditure?—I think not; but I am not qualified to speak to that.

4301. Have you been able to institute any comparison as to the scale of salaries connected with the railway telegraphs and your own?—Their telegraphs do not cost anything in proportion to ours, because the man who is station-master in the small places attends to the telegraph also.

4302. Do they use the same class of instruments?—On some lines, not on all.

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4303. Are you using throughout India one class of instruments?—Yes; that is to say, the same instrument with modifications.

4304. Mr. *J. B. Smith.*] There appears to be a competition between you and the railway companies?—A species of competition.

4305. Would it not be better to put that competition down?—I think there would be no difficulty.

4306. Are the railway companies licensed by the Government?—They are licensed in regard to their telegraphs, and the Government gives them a 5 per cent. guarantee upon all capital expended.

4307. Does that include the telegraphs?—Yes.

4308. Supposing the railway telegraphs were abandoned, what would be the effect?—They could not work the trains.

4309. But then they are used, are they not, for messages?—They are used for messages besides, when the trains are not running, and that is where the public suffers.

4310. But the profit upon that goes to the Government?—Yes, because the 5 per cent. is never earned as a rule. If there was more than 5 per cent. earned, then the profit would go to the shareholders on the railway.

4311. As that goes to the Government, would it make any difference to them?—None whatever.

4312. Then if the railway companies ceased to take messages it would not benefit the Government?—We do not wish them to cease to take; we want them to hand messages over to us at the nearest station, that we may send on by our quick lines.

4313. *Chairman.*] Has any difficulty been experienced by the railway companies in making an arrangement for their own service as compared with the service that they render to the public; I mean in drawing a line of demarcation between telegrams that belong to the railway service proper, and telegrams that they despatch for the public?—Not the least; they do keep them separate.

4314. Then can you explain why the Government, having entire control over the railways, and having the telegraphs in their own hands, have never been able to arrange a system to avoid this double expenditure?—I believe that it has something to do with the contracts. It has been referred home. They have an agent in India, and the agent says, "I object to this, and to that," and then it is referred home to the board here.

4315. But does it not seem to show want of power on the part of the Government to adapt themselves to their own arrangements if they have not been able to settle this matter during the many years that it has been going on?—I should think that it could be done.

4316. Mr. *J. B. Smith.*] Was it not a mistake for the telegraph companies to put up lines where the railway companies have lines?—No; they are not telegraph companies; the telegraphs vest in the Government. It is an axiom in telegraphy to put the lines of telegraph on the best lines of communication; before the railways existed the telegraphs were along the trunk roads.

4317. Might not the railway companies, instead of erecting new telegraphs, have availed themselves of the old ones?—In the Oude and Rohilcund they were doing that; the Government erected poles for both.

4318. There has been a very large unnecessary outlay?—Undoubtedly.

4319. Sir *T. Bazley.*] I wish to ask whether the telegrams in India are now translated into English?—You may send the telegram in any language, provided it is in the Roman character, but they pay double if it is in any language but English.

4320. Has any translation to take place?—The telegraph masters are bound to translate, free of charge, for any native who brings a telegram to an office.

4321. Have you frequent complaints of mistakes in that way?—No.

4322. Is the marine communication more perfect than it was, because the complaints were more frequent some time ago?—That is by Turkey; it is decidedly improved.

4323. Mr. *Lyttelton.*] Who is responsible for the administration of the telegraphs in India?—I suppose I am.

4324. *Chairman.*] But above you who is responsible?—The Viceroy.

4325. Mr. *Lyttelton.*] It is an independent department?—Yes, I report through the department of Public Works; the secretary is the channel, but the last two Viceroys have taken this special department themselves.

4326. *Chairman.*] You are not then under the head of the Public Works Department, as it is called?—The head of the Public Works Department would be the Viceroy; he takes that particular department himself.

4327. Do you mean that of late the Viceroy has taken that department?—Lord Lawrence and Lord Mayo both took the Telegraph Department. Lord Mayo took the Department of Public Works.

4328. Mr. *R. Fowler.*] Do I rightly understand you to say, that a telegram sent in Hindoostanee pays double?—In any Indian or foreign language it pays double, but it is optional with the sender to have it translated into English for nothing.

4329. What is the reason for that?—Because it gives so much more trouble. If the signaller were to receive a message in Hindoostanee, it would be unusual, and he would be calling for repetition for every word; it is far easier to put it into English, and back again to Hindoostanee.

4330. If a message is sent from Calcutta to Delhi in Hindoostanee, if it is translated at Calcutta into English, and re-translated at Delhi into Hindoostanee, does it only pay single?—Yes.

4331. Mr. *Hermon.*] Are the natives well aware of that fact?—I think so; it has been posted up at every station in the country.

4332. *Chairman.*] How would a native transmit a Hindoostanee message; would he send a request to have it translated into Hindoostanee at the end?—The telegraph master is bound to translate it for him.

4333. He would have no cognisance of the fact that it had been translated into English, and re-translated?—Yes, it would be translated for him, and if he chose to demand to have it sent in Hindoostanee, he would have to pay double.

4334. Sir *D. Wedderburn.*] Are all the telegraph officials acquainted with the local language?—All born in the country.

4335. And with English?—Yes.

4336. Lord

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4336. Lord *E. Fitzmaurice.*] Are they most of them natives?—No, a very small proportion; you get the half-caste signallers much easier than the natives.

4337. I suppose it wants very great knowledge of the language?—No, only a good ear to catch the sound.

4338. It must require a knowledge of a great number of different dialects in some parts of India, because the population is so mixed, and a man might be shifted from one post to another, might he not?—We would not shift a man in that way.

4339. Sir *D. Wedderburn.*] Surely if a native were telegraphing from the south of India up into Hindoostan proper, the telegram would have to pass through three languages?—No, it would be transmitted in English, and translated if required.

4340. *Chairman.*] How does a man who dispatches a message insure a re-translation at the receiving office into the language which he is using?—It is handed over to the receiver in English, and if he does not understand it he asks the telegraph master to translate it to him.

4341. It is in the option, not only of the person sending, but also of the person receiving, to have the message translated?—Yes.

4342. Sir *C. Wingfield.*] But practically the persons who translate the messages by telegraph either understand English, or are in reach of those who know it?—Yes, always.

4343. Mr. *Dickinson.*] Who writes the message in the Roman character; the sender of the message or the official?—The official, in a case of that kind.

4344. The sender gives a verbal message, and the official writes it in Roman character?—Yes, you could not render in telegraph signals a foreign alphabet.

4345. Who is responsible for converting the native character into the Roman character?—The telegraph master.

4346. *Chairman.*] Are you at much expense in long messages, taking them off to re-transmit, or are they sent through?—We send through enormous distances, we send from Calcutta to Kurrachee, that is 1,700 miles, without repetition; of course in bad weather you must repeat.

4347. Are your telegraphs so arranged that you can switch on the messages throughout India without repetition?—Yes.

4348. And is that generally done?—Yes. The real work of India is limited to about six or seven stations; the three Presidency towns, and Kurrachee, Akyab, and Rangoon.

4349. With regard to the tributary messages from the out-stations to Calcutta or Bombay, are they switched on, or taken off and re-transmitted at the place where the branch line joins the main line?—They come on to a nodal station, or junction station.

4350. Are they taken off at a junction, or switched on?—In all probability they would have to be taken off.

4351. By bands or by writing down?—By writing down from the sound entirely, excepting on the international line, and there we are bound to use the tape.

Mr. Edward Francis Harrison and Mr. Edward Gay, re-called; and further Examined.

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4352. *Chairman* (to Mr. *Harrison*).] The next item I think in the Account, is called "Administration in India," amounting to 1,153,192 *l.*; will you be good enough to explain to the Committee of what details this item is composed?—This contains first of all the salaries of the Governor General, the governors, the lieutenant governors, and the chief commissioners.

4353. Those are the administrators of the several Provinces throughout India, and the actual governors?—Yes.

4354. What is the total of that?—The total of that is 96,000 *l.*

4355. The governors' salaries are all regulated by Act of Parliament, I think?—I think in all cases.

4356. But the commissioners, I think, are not?—They come within the limit, I think, fixed by the old Acts. I am not quite sure of the position under the recent Act.

4357. Will you please state the salaries of the governors?—First of all the salary of the Viceroy is 25,080 *l.* Then the salary of the Chief Commissioner of Oude comes to 5,000 *l.*; the same for the Central Provinces and British Burmah, 5,000 *l.* each; the salary of the lieutenant governors of Bengal, the North Western Provinces, and the Punjab, 10,000 *l.* each; and the salaries of the governors of Madras and Bombay 12,800 *l.* each.

4358. Have those remained the same since 1856–57?—No, not in all cases. In the cases of the Viceroy's salary, and that of the governors of Madras and Bombay, and the lieutenant governor of Bengal and the North Western Provinces, there has been no change, but the salary of the Lieutenant Governor of the Punjab has in the meantime been raised to an equality with Bengal and the North Western Provinces; and the salary of the chief commissioners of the three Provinces of Oude, the Central Provinces, and British Burmah has been fixed at the uniform rate of 5,000 *l.*

4359. Previous to that they were in a transition state?—They were.

4360. And they have in addition to this, houses provided for them to live in?—That is so in every case.

4361. What is the next item?—The next item in the account is "Staff and household of the Governor General and the governors."

4362. What is the total?—*£.* 58,000.

4363. Can you give the Governor General's staff and household?—Yes, the charges of the Governor General's staff and household are 18,000 *l.*

4364. And of the governors of Madras and Bombay?—Of the Governor of Madras the amount is 9,200 *l.*, and for Bombay it is 21,600 *l.*

4365. Can you explain such an extraordinary discrepancy as that in the three households?—The staff of the Viceroy is on a somewhat different scale from that of the Madras and Bombay governors.

4366. Why does the household of the Governor of Bombay cost 21,000 *l.* when the others are relatively so much less?—The household charges

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of the establishment of the Governor of Bombay have increased very largely since the year 1856.

4367. What were they then?—They were then 7,000 *l.*; the amount in the account of 1870-71 being 21,000 *l.*, as I have mentioned. This sum of 21,000 *l.* includes an amount of 4,100 *l.*, which is the cost of furnishing a new residence for the Governor in the neighbourhood of Poonah, at Ganesh Khind; and the charge for the Governor's band, 1,700 *l.*, appears new in this portion of the accounts; it seems to have been treated as a military charge in former years. If those are abated it will reduce the amount for the purpose of comparison with the other Presidencies to something below 16,000 *l.*

4368. Then how can you explain the rise from 7,000 *l.* in 1856-57 to the amount that you have just mentioned?—I am not aware of the necessity for this increase.

4369. Perhaps you will take a note to give an explanation of that?—Yes. I can give a certain amount of detail showing several items in which the increase has occurred in Bombay. I find that the total in Bombay was 7,040 *l.*, in 1856-57, against 21,650 *l.* I can so far explain that the increase occurs, first of all, in the salary of the private secretary, of about 500 *l.*, and in the pay of the Governor's surgeon there appears to be an increase of 400 *l.* I think it is possible, in the case of the surgeon, that the whole charge has fallen on the Civil Estimates instead of the Military. Then in the establishment of the private secretary there appears an increase from 240 *l.* to 1,400 *l.*, and in the establishment of Government House, the servants and so forth, from 2,560 *l.* to 5,500 *l.* Then the Governor's sumptuary allowance, as it is termed, has risen from 550 *l.* to 800 *l.* But the main increase here is without sufficient detail, from 1,919 *l.* to 11,000 *l.*

4370. What is that?—I have mentioned that 4,100 *l.* is for furnishing the new residence, and a portion is attributed, I see, to this account, having been charged with the value of military and medical supplies; but I cannot think that that accounts for any very large amount.

4371. But can you give us an account of the Governor's expenses in Bombay under this head for the two previous years?—In 1869-70 it was 17,310 *l.*, and in 1868-69 the amount was 15,916 *l.*

4372. Then apart from the special expenditure it appears to have increased from 7,000 *l.* to 17,000 *l.* in the last two years?—Not precisely. It is however about the same, with no great variation.

4373. You did not give the comparison between the Governor General's household at the present time and in 1856-57?—There is no very material alteration. The amount in 1856-57 was 17,718 *l.*, against 18,000 *l.*, and the Governor of Madras 7,896 *l.* against 9,218 *l.*

4374. Do you know the cause of that increase; is it temporary or permanent?—I should explain that, in the case of Madras, the increase is 1,000 *l.* more than shown by these figures, inasmuch as in the year 1856-57 the charge included the Military Secretary's pay, which is now charged to the Military Department.

4375. Then what is the cause of this large increase?—The renewal of furniture at Government House at Madras.

4376. Was that a special item for the year?—It seems to have been running for two or three years.

4377. Is the expenditure for the last two or three years up to the same standard, upwards of 9,000 *l.*?—In 1869-70 it was 9,300 *l.*, and in 1868-69 it was 9,600 *l.*

4378. Then do you see any prospect of this item being decreased in future years?—The explanation of the higher amount for the last two or three years is, that the furniture of Government House has been in course of renewal, and whether the renewal is completed or not I do not know; the explanation would indicate that the charge will probably be lower in future.

4379. Can you give the Committee any explanation of the reason why the household expenses of the Governor of the North Western Provinces are so much less than those of the Governor of Bombay, or why those of the Lieutenant Governor of Bengal are also so much less?—I do not think that I can state more than the fact that the Lieutenant Governor of the North Western Provinces has less state and less expense attaching to his household.

4380. Will you go to the next item, which is the Commissioner of Scinde, is that item the same as it was in 1856?—In 1856-57 the amount was 7,186 *l.*

4381. Has the salary been increased, or what was the cause of that increase?—It is a temporary variation; the Commissioner of Scinde was absent on leave during part of the year 1856-57, making the charge upon the account less in that year.

4382. Then we will proceed to the next item, the tour expenses; what is the total of that?—£. 73,000

4383. How is that made up?—The Viceroy's tour expenses amounted to 46,772 *l.*

4384. What is the nature of that expenditure?—It is mainly the expense dependent upon the annual visit of the Governor General to Simla during certain months of the year.

4385. Does that include all the expenses occasioned by that visit?—It includes the whole of the expenses occasioned by that visit.

4386. What were the tour expenses in the year 1856-57?—They were very small; the amount in 1856-57 was 889 *l.*

4387. Does that arise from the fact that the Governor General remained in Calcutta, and attended there to the administration of the Government?—He remained there; in either case he attended to the administration.

4388. But in Calcutta he would have all the staff of the Government about him, and be able to carry on the Government there with facility?—He still has the staff of the Government about him at Simla.

4389. Not the whole staff, surely; that is located at Calcutta?—A very large portion; this covers the expense of the journeys of the whole of the secretaries to the Government, and a large portion of the establishment of each secretariate. I can give a certain amount of detail of those. The charges under this head connected with the staff and household of the Governor General are 6,560 *l.* (I am quoting the figures of the Estimate for the year just closed 1871-72); of the Members of the Council, 500 *l.*; of the Members of the Legislative Council, 1,060 *l.*; of the Foreign Secretariate, 7,310 *l.*; of the Home Department, 5,950 *l.*; of the Financial Department, 4,130 *l.*; of the Military Department, 4,510 *l.*; of the Public Works Department, including the office of account attached to

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that department, 8,920 *l.*; of the department of the Inspector General of Forests, 400 *l.*: of the Sanitary Commission, 920 *l.*; and the expenses of the Government press at Simla, 2,000 *l.* The sums that I have mentioned amount to 42,260 *l.* In addition to that there is provision in the Estimates for 1,300 *l.* for special trains, and 1,000 *l.* for carriage and supplies from the Commissariat Department, and 1,000 *l.* to the Post Office for special service of bullock trains, the total making 45,560 *l.*; which is the amount estimated for the year 1871-72.

4390. Then the total expenses of this account would be very much the same in reality?—They would be very much of the same character, the amount being near that which I have stated.

4391. Sir *C. Wingfield.*] This charge then would be entirely avoided, if the Governor General lived in Calcutta, as he used to do in former times?—Yes.

4392. *Chairman.*] And if he did, like all the other people in the public service, take a holiday at his own expense, there would be no charge of this description?—This charge is connected simply with the system which has obtained of late years. My answer perhaps requires qualification. This includes the expenses connected with the visits of the Governor General to native states or the Punjab, or any other occasion on which the Governor General has been absent, not necessarily entirely with the visit to Simla.

4393. I understand that when he goes away from Calcutta to visit anybody, if it is considered an official visit all his expenses are paid?—Yes.

4394. Sir *C. Wingfield.*] Is any proportion under this 46,772 *l.* to be assigned to his "cold weather tour"?—The whole of the expenses of what you speak of as his "cold weather tour" would be included in this.

4395. That is devoted to going about the country for a public purpose, to see how the administration is being carried on; that is a totally different thing from going to Simla in the hot weather?—Entirely. Whatever expenses there may have been for visits of the kind of which you have spoken, except so far as they were for the maintenance of permanent camp equipage, must be included in this sum of 46,000 *l.*, of which we have been speaking.

4396. But would such charges connected with the "cold weather tour," as the elephants and the tents, appear under this?—Yes.

4397. Not under the commissariat?—No, in the Estimates I mentioned the sum of 1,000 *l.* for commissariat, carriage and supplies. I think there is a certain expense which will not be in these Estimates, but in the Ordnance Department, the maintenance of the Governor General's camp equipage: that does not appear to be included in this.

4398. Mr. *Cross.*] How much of this 46,000 *l.* belongs to the performance of public duties, and how much to private convenience?—It is impossible for me to separate the charges. It can only be done by a consideration of the objects of the tours of the Governor General in each year; this represents the whole of the expense of this character during his absence from Calcutta.

4399. *Chairman.*] I understand that it represents the whole expense occasioned by his leaving Calcutta for any purpose during the year, except the military expense, and the expense of his tentage?—That is so; and I may say at once that the expense connected with most of these departments which I enumerated is quite unconnected with any visit of the Governor General to the special provinces, for on such occasions they never have and would not accompany him.

4400. That is the expense of part of those establishments in Calcutta, going to the place where the Governor General is, to enable him to transact his business, is not that so?—Quite so.

4401. Leaving the rest of the establishment still in Calcutta?—Yes.

4402. Involving a large amount of communication between the office left in Calcutta and the part of the office that is taken into the country?—That is so.

4403. Sir *C. Wingfield.*] But surely some of the items could be very distinctly separated; such, for instance, as allowances given to the members of council (for the members of council never accompany the Governor General in his "cold weather tour"), and the railway fares from Calcutta to Simla?—I cannot separate the railway fares from Calcutta to Simla, for they would have passed individually to the officers accompanying the Governor. I mentioned the sum of 1,300 *l.* for special trains; but that would not cover the expense of individual members of the Government or secretaries accompanying the Governor General; even if they accompanied the Viceroy in a special train, the railway company would still demand from them their fare.

4404. *Chairman.*] But they would charge the whole of that to the contingent expenses of their different offices, would they not?—It will be included in the expenses of their offices charged to this account of the tour—expenses of the Governor General.

4405. Sir *C. Wingfield.*] But it would be possible to separate the items?—Yes, but I have not the means at hand. (Mr. *Gay.*) It is very difficult to do so in practice, because these bills come in at irregular times, and frequently long afterwards. I tried to separate the charges before leaving India, and found so many doubtful that I was obliged to give it up.

4406. Mr. *Hermon* (to Mr. *Harrison*).] Up to a certain grade in the Civil Service, when they go up to the hills, there is a certain amount granted to them to pay their expenses, is there not?—On accompanying the Governor General to Simla only.

4407. They sometimes have to pay a deduction for absenting themselves in certain grades of the service; when an ordinary civilian goes to the hills for his cold weather, does he get any assistance or allowance from the Government?—None whatever. Every officer of the Government is allowed, if his services can be spared, leave of absence for one month in the year; during that time there will be no deduction made from his salary, but there will be no aid towards his expenses.

4408. Sir *C. Wingfield.*] There would be no deduction from his fixed salary; but if he was in receipt of any sumptuary or table allowance, it would be deducted when he was on leave?—That is so.

4409. *Chairman.*] Here, on the other hand, when they go on leave out of Calcutta, they get something added; everybody seems to benefit by it; do I rightly understand that the secretaries also get their expenses paid, because they are supposed to go by order?—I am unable to say that the allowance made covers the whole of the

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the expenses, but they do get an allowance, which is intended to cover all the expenses of their personal journey.

4410. Do they get any sum for house rent or tentage?—No, not the secretaries to the Government. Some of the subordinate clerks are allowed house allowance when at Simla, and that will appear in these sums.

4411. Mr. *Cross.*] How long in the year is the Governor at Simla generally? — Seven months.

4412. And during that time he is not on a holiday, but performing his actual duties?—Yes.

4413. Is it not much more expensive to carry on the duties of Government at Simla than it would be at Calcutta?—I think this may be accepted as the measure of the expense.

4414. Surely it must be more expensive to the Governor General to carry on his business there, remembering that things must go backwards and forwards, and that there will be delay?—No doubt it is expensive; but here is the cost.

4415. Is that all included in the 46,000 *l.*?—The carriage of all records is included in this sum. I think that there is, perhaps, some additional cost in postage; but everything else is included in this.

4416. But the delay must be very great sometimes?—Simla is equally near to Madras and Bombay with Calcutta.

4417. Mr. *Cave*] There is telegraphic communication?—There is telegraphic communication throughout India.

4418. *Chairman.*] But you never heard that in consequence of this dislocation of the records of the Government, when they go to Simla, they very often cannot find things relating to the administration of affairs?—I think that some degree of inconvenience has occurred in that way.

4419. Mr. *Cross.*] Are the records taken up to Simla and back again, or are they divided; if any documents go to Simla do they stay there?—They stay there for the most part.

4420. *Chairman.*] Will you be good enough to turn to the tour expenses of the Governor of Bombay; what do they amount to?—The tour expenses of the Government of Bombay in 1870–71 are 8,834 *l.*

4421. Will you compare that with the expenditure of 1856–57?—In 1856–57 the amount was 1,250 *l.*

4422. Can you explain the growth of that expenditure?—I have not received sufficient details to enable me to give any adequate explanation.

4423. Can you compare the tour expense of the Governor of Bombay with the Governor of Madras?—The amount of the tour expenses of the Government of Madras, for 1870–71, was 2,133 *l.*

4424. Why should there be that difference between the Governor of Bombay and the Governor of Madras?—The Governor of Madras is, I understand, resident in Madras for a greater part of the year than is the case with the Governor of Bombay.

4425. Are you aware of any special reason why the Governor of Madras should be more resident than the Governor of Bombay, or the one more migratory and touring than the other?—I do not think that I am in a position to state.

4426. You do not know of any recognised reason, I mean?—No; I only know the fact, or what I understand to be the fact, that the Governor of Bombay has two residences away from the town of Bombay, and the Governor of Madras has only one.

4427. Mr. *Dickinson*] Does the residence on the hills belong to the Government of Bombay or the Governor; is it a Government residence?—I cannot speak to that. (Mr. *Gay.*) I believe it is not a Government residence. (Mr. *Harrison.*) The charge for Bombay may include annual house rent, but I cannot speak to the fact.

4428. *Chairman.*] What is the charge of the touring of the Lieutenant Governor of the North Western Provinces?—That is 9,314 *l.*

4429. Do you know why that is so large?—That I think is from the habit of the Lieutenant Governor of moving about a great deal throughout the Provinces under his government.

4430. Does he take all his establishment with him when he moves about; have you got the nature of this expenditure?—I find that of this total sum 1,600 *l.* represents travelling allowances that will be paid to the officers accompanying the Lieutenant Governor, and 930 *l.* for purchase and repair of tents; 6,500 *l.* is classed as contingencies or miscellaneous; that will include the cost of the conveyance of all records. It is explained that this is larger than the ordinary annual charge, on account of payment having been made to the commissariat department for supplies for two years, and therefore it would be better to take the expense of the previous year.

4431. What was that?—In the previous year it was 6,000 *l.*, as against 5,800 *l.* in 1856–57; that appears to be about the normal expenditure.

4432. Then this may be taken as exceptional?—Yes.

4433. What is the next item?—The next item is the salaries of the members of Council.

4434. Have those been increased or diminished since 1856–57?—There has been an increase of one in the number of the members of the Governor General's Council by an Act of the year 1862, I think.

4435. And has there been any diminution of the salaries? — The salary remains the same, 8,000 *l.*

4436. I thought it was 10,000 *l.* formerly?—Not for many years past. It was 10,000 *l.*, but not within the period for which the comparison of charge is being made.

4437. What is the total of the Council's salary?—£. 64,270.

4438. What is the next item?—The Legislative Council.

4439. Is that as it was in 1856–57?—No, the constitution of the Governor General's Council was somewhat different in 1856–57. The constitution of the Council was altered under an Act of Parliament, and the expense, estimated at 10,000 *l.*, represents the salary and deputation allowance of four members.

4440. Does it also include the general expenses of the Council?—Yes, it does; the salary of the secretary and his establishment, and certain contingent expenses connected with it, the total amount being 17,600 *l.*

4441. This expenditure did not exist then in 1856–57?—In 1856–57 the expense was about 28,000 *l.*, but the constitution of the Council was different.

4442. How has the expense been reduced?—In 1856–57 there were four members of the

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Legislative Council of the Governor General, the salary of each being 5,000*l*. Now certain officers have been attached to the Council of the Governor General, for the purpose of making laws and regulations, under a recent Act, and they are not in all cases employed on this duty throughout the year; the appointment is of a more temporary character, and the expense is less.

4443. Sir *C. Wingfield*.] They only get 500*l*. a year while attached to the Governor General for making laws and regulations, do they not?—It is about 700*l*., I think.

4444. *Chairman*.] That is, those who are resident in Calcutta get that?—That is so; but the whole of the substantive salary, as we term it, during the time that they are attached to this Council, is charged to the Council.

4445. Sir *C. Wingfield*.] Then when the Session is over they go back to their duties, and then their salaries are drawn in the different provinces?—Yes.

4446 Are there expenses also of the same order for the Bengal and Madras Councils?—In Bengal there is a charge of 2,250*l*. This includes the salary of the Secretary to the Council of the legislative branch, 1,200*l*.; there is an establishment of about 900*l*., and a small contingent expenditure making up the total. The members of the Council are unpaid.

4447. Is there any expense in Bombay for the Council?—In Bombay there is no expense.

4448. How is it that there should be no expense in Bombay, while there is a charge in Bengal and Madras?—I do not think that I can explain it.

4449. What is the total of the item for the Councils?—£. 21,700.

4450. What is the next item?—The next item is the secretariats.

4451. What do they amount to?—In the Civil Department they amount to 221,500 *l*.

4452. Can you state what are the relative charges in Madras and Bombay of the secretariats?—In Madras it is 22,790 *l*.; in Bombay 36,224 *l*.

4453. Can you compare those with the expenditure in 1856–57?—In Madras the amount was 22,300 *l*. as against 22,790 *l*.; in Bombay it was 31,800 *l*. as against 36,000 *l*.

4454. What is the increase in Bombay due to?—The increase in Bombay is attributable to the higher charge for postage, which amounts to nearly 8,000 *l*., and only to 2,000*l*. in Madras.

4455. Why is the expense so much greater in Bombay than in Madras?—There is no separate secretariat for Scinde, Bombay includes that; and there is the marine establishment at Bombay.

4456. Does that account for the difference, and the great increase?—I am not aware of the reason, except that in Bombay all salaries are paid at a higher rate.

4457. What is the charge for the secretariat of the Governor General?—£. 72,500.

4458. Why is that so much more than the expense of the secretariat of the Local Governments?—The scope of duties, the work falling upon the secretariat of the Governor General, must be very much greater than that of the Governments of Madras and Bombay.

4459. Is the scale of salaries the same, or much higher?—The scale of salaries is not the same. The salary of the principal secretaries to the Government of India is 5,000 *l*. The salary of the chief secretary of Madras is 5,000 *l*, and of the revenue secretary 4,000 *l*., those being the only two principal secretaries to the Madras Government, the division in Calcutta being between three departments, foreign, home, and financial.

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4460. What salaries do the secretaries get in those departments?—£. 5,000 each.

4461. That is the same rate as in Madras?—The same as the chief secretary in Madras The revenue secretary in Madras has 4,000*l*.; therefore, taking those three officers, as compared with the two, it would be 9,000*l*. against 15,000 *l*.

4462. Can you compare the total charge of the whole secretariat, 221,000 *l*., with what it was in 1856?—The year 1856–57 was an unfortunate one for making comparisons, because the accounts of two important Provinces were imperfect, from the fact of many of our treasuries being in the hands of the rebels, the accounts and every source of information being cut off and destroyed. That involved in the accounts of the year the entry which appeared, of 211,000 *l*. of unclassified charges, expenses in the way of loss of treasure, and expenses as to which no information was whatever available, and this expense was placed under this account of general administration. If I take that out that will still leave an unfair comparison. The expense in 1856–57 was 173,500 *l*. as against 220,000 *l* at the present time. That is a fair though not an absolutely true comparison. This increase consists of 20,000 *l*. in India, and 25,000 *l*. in the new Governments; the remainder is due to postage added to the inland offices.

4463. Now will you state the total of the military secretariats?—£. 50,400, as against 39,800 *l*. in 1856–57. This represents a general increase in the establishments, but there is a part specially accounted for, the military pay of the secretary being now included here, instead of, as formerly, in the Military Department; that applies to the pay proper, as it is termed, of the secretary; and there is 350 *l* for postage.

4464. Does that explain the whole of the increase?—The bulk of the increase is due to a general increase in the establishments of the military secretaries; they have all of them participated in this increase. In India there is an increase of 9,000 *l*.; in the Punjaub of 800 *l*; in Madras of 1,300 *l*.; and in Bombay of 1,800 *l*.

4465. What is the next item?—The Public Works secretariat of the Government of India; that is now 31,960 *l*.

4466. Did that exist in 1856–57?—In 1856–57 the expense was 14,300 *l*.

4467. What is the cause of that large increase?—A great deal of additional duty has devolved upon this office from the development of railways, and the undertaking by the Government of the constuction of railways and irrigation works.

4468. Does that embrace the whole of the expenditure of the Governor General and the Secretariat under this head?—It does.

4469. Mr. *Cave*.] With regard to Bombay, how many residences did you say the Governor of Bombay had; three?—I understand that he has four; two in Bombay, one in the neighbourhood of Poonah, and one an ordinary residence (but I am not aware whether it is Government property or not) at Mahableshwar.

4470. Does he ever go to Kurrachee, or any part of Scinde, during any part of the year?—Not as a regular custom, certainly.

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4471. Merely as visiting?—I am not aware whether any visit of that kind has been made of late years.

4472. There is nothing in that which would account for the great difference in the expense of the household?—No.

4473. Would you be able to get the items that form that very large expenditure?—I think so.

4474. Sir. *C. Wingfield.*] One of the Government houses in Bombay was sold in Sir Bartle Frere's time, was it not?—Only to construct another.

4475. And they got the sanction of the Home Government to spend that money for which the Government House was sold in Bombay on a Government House in Poonah?—The one that was sold was also in the neighbourhood of Poonah, I think.

4476. On a new Government House at Poonah?—The new one is not far from the site of the old one.

4477. Has not the cost of that vastly exceeded the sum obtained by the sale of the old house?—I am not aware of the cost.

4478. Has not the furnishing of this new house been a very heavy item?—We find a charge of 4,000 *l.* for that.

4479. Was not the house at Parell sold?—Not that I am aware of.

4480. Mr. *Dickinson.*] The Commander in Chief is a member of the Council, is he not?—He is an extraordinary member of the Council.

4481. Are any of the expenses connected with him?—No, none of those of which we have been speaking.

4482. There is no expense connected with his being a member of Council in the administration department?—I think none whatever. At the present time the Commander in Chief has no salary charged to the Civil Department.

4483. *Chairman.*] It is a consolidated payment now that is made to him?—That is so.

4484. Mr. *Dickinson.*] Then the whole of the charges connected with the discharge of Civil duties by the Commander in Chief are placed against the Military Department?—That is so; the Commander in Chief is an extraordinary member of the Council; and frequently for long periods together he is not present.

4485. *Chairman.*] All his expenses of travelling about go into the army expenditure, and those of his whole staff?—That is so.

4486. Mr. *R. Fowler.*] What is the pay of a member of Council?—£. 8,000.

4487. And the Governor General?—£.25,080.

4488. Are there six members of Council?—There are five ordinary members.

4489. Then how is this item of 81,339 *l.* made up; five times 8,000 *l.* makes 40,000 *l.*, and adding the salary of the Governor General you yet 68,000 *l.*?—It is the salaries of the Governor General, the Council, and the Legislative Council that make up the amount there given.

4490. Sir *D. Wedderburn.*] The Governor of Madras has, I think, only two official residences?—I think so.

4491. He has not any on the Neilgherry Hills?—That is one of the two, I think.

4492. Has he not two at Madras?—Yes, there are two at Madras.

4493. Have any of the Lieutenant Governors more than one official residence?—I think no Lieutenant Governor has more than one.

4494. Then probably the number of official residences to a considerable extent accounts for the difference in expense in the households of the different Governors?—Yes.

4495. And with regard to those expenses and the expenses of tours, is there any check upon the amount of such expenses, they seem to vary within such very wide limits?—The expenses connected with the Governor General's tours have always been most jealously regulated and scrutinised by the Viceroy personally.

4496. And with regard to those of the other Governors, are they scrutinised by the Viceroy?—I cannot speak to that point.

4497. I do not think that you stated the salaries of the Members of Council in Bombay?—£. 6,400.

4498. And the secretaries at Bombay?—One secretary has a salary of 3,600 *l.*, and one of 4,000 *l.*

4499. *Chairman.*] What does the Chief Secretary get?—I think the title of Chief Secretary has been discontinued. The Secretary in the Political, Legislative, and Judicial Department has a salary of 3,600 *l.*, and the Secretary in the Revenue, Financial, and General Departments has a salary of 4,000 *l.*

Friday, 26*th April* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Candlish.
Mr. Cross.
Sir Charles Dalrymple.
Mr. Dickinson.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Lyttelton.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, re-called; and further Examined.

Mr. *E. F. Harrison* and Mr. *E. Gay.*

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4500. *Chairman* (to Mr. *Harrison*).] THE next item, I think, under the head of Administration, is the Board of Revenue and Financial Commissioner and Establishments; what is the amount for that?—The total charge for this branch is 113,800 *l.* for India.

4501. And how does that compare with the expenditure in 1856–57?—In 1856–57 the corresponding amount was 105,000 *l.*

4502. To what presidencies or governments does this charge relate?—To those of Oude, Bengal, the North Western Provinces, the Punjab, Madras, and Bombay.

4503. What has been the cause of this increase?—I must take them seriatim. In Oude there is but little change in the amounts; in 1856–57 it was 6,700 *l.*; in 1870–71, 6,400 *l.*; but the office of Financial Commissioner in Oude has lately been done away with. Then, to pass to Bengal, the expenditure in 1856–57 exceeded 37,000 *l.*, now it is 29,000 *l.*

4504. There has been a reduction there?—There has been a reduction in the establishment, and in the number of members of the Board; the number has been reduced by one, the salary being 5,000 *l.* Then in the North Western Provinces there is an increase from 17,800 *l.* to 21,500 *l.*

4505. What does that arise from?—The only real increase is in the salary of the secretary, which was raised from 1,800 *l.* to 2,400 *l.* On the other hand the pay of the members, of whom there are two, has been reduced from 4,500 *l.* to 4,200 *l.*

4506. Is that for each of them?—That is for each of them, the amount of saving covering the increase I have spoken of, so that the real increase is in contingent expenditure. It is attributed to ordinary expenses; large purchases of tracing-cloth were made for the settlement department for the construction of village plans. Village plans are in course of preparation for the whole province on a large scale, 16 inches to the mile; I may also mention the official postage, which accounts for part of the increase. In the Punjab there is an increase from 7,000 *l.* to 11,300 *l.*; the establishment has been increased since 1856–57 by the addition of a secretary on 960 *l.*, and an assistant secretary on 720 *l.* In Madras there is an increase of charge from 22,200 *l.* to 26,600 *l.*

4507. Do you know to what this is due?—In 1856–57 two members of the Board of Revenue and the secretary were absent in England; this account was, therefore, only charged with the acting allowances paid to the gentlemen officiating for the absentees; the difference due to this cause is about 2,000 *l.* The official postage accounts for 1,000 *l.*, the remainder is due to an increase in the office establishment made in 1866.

4508. In Bombay, has there been any increase?—In Bombay there is an increase from 13,800 *l.* to 18,700 *l.*

4509. Can you give the cause of that?—The increase here is to the extent of 1,400 *l.*, due to the appointment of assistants to the Revenue Commissioners. Then again there is 1,500 *l* for the postage, and there is something exceeding 1,000 *l.* that really does not belong to Bombay, though it has been put here; that is, payments of portions of salary made to officers passing through Bombay in progress to England; which instead of being charged to the province to which they belong, has been included here, that is about 1,100 *l.* This, with an increase, which is not very considerable, of 300 *l.* in travelling expenses of the Commissioners, I think, covers the difference.

4510. Can you explain why the charges in Madras were so much higher than in Bombay?—In Madras there is a Board of Revenue, consisting of three members, and at Bombay the system of supervision is different. There are two Revenue Commissioners, who divide the Presidency between them; they are both during part of the year located at the same place, and they act in concert on certain matters, although never considered to be a board; there is one less in number.

4511. Then the system of individual administration is more economical that that of a board?—That is so.

4512. The next item is the item of Commissioners?—The next item is that of the Revenue Commissioners, the cost of which is 209,600 *l.*

4513. What was that in 1856–57?—In the accounts of 1856–57, the total amount was 165,900 *l.*

4514. For what provinces are these Commissioners appointed?—They are in Oude, the Central Provinces, British Burmah, Bengal, the

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North Western Provinces, and the Punjaub; not in Madras and Bombay.

4515. In Oude, I understand you to say, that they are to supersede altogether what are called the Financial Commissioners?—The duties of the Financial Commission in Oude have been assigned to the Chief Commissioner.

4516. That is to the head of the administration?—Yes.

4517. Sir *C. Wingfield.*] Partially only?—I suppose so.

4518. The powers of the ordinary Commissioners to deal in revenue matters, and to decide revenue cases, have been increased?—Yes.

4519. *Chairman.*] It has been divided between the ordinary Commissioners and the Chief Commissioner?—That is so.

4520. What was the expense for Commissioners in Oude in 1856, as compared with the present time?—In 1856 it was 20,700 *l.*, now it is 21,300 *l.*; the difference there is merely in postage.

4521. Being charged to the department, do you mean?—Being charged to the department, which was not the case before.

4522. With regard to the Central Provinces, how do the figures stand?—With regard to the Central Provinces, there is an increase from 16,600 *l.* to 22,200 *l.*

4523. What does that increase arise from?—There has been a change in the arrangements of this province. There were, at first, two commissioners; there are now four; but the salary of the four is on a lower scale than was assigned to each of the two in 1856.

4524. And there is of course some establishment for each of the four commissioners?—Yes; the change has involved an increase of establishment.

4525. Does that account for the increased expenditure?—That accounts for the increase.

4526. With regard to British Burmah, what have you to say?—In British Burmah there is a reduction from 16,200 *l.* to 14,600 *l.*; that is caused, in part, by a reduction in the pay of the Commissioner of Pegu.

4527. What was that reduction?—I think the amount was 500 *l.*

4528. With regard to Bengal, how does the case stand?—In Bengal there is an increase in this head from 46,400 *l.* to 60,000 *l.*

4529. How does that increase arise?—There has been an increase in the number of commissioners of one.

4530. Mr. *Eastwick.*] How many commissioners are there?—There are eight commissioners in the regulation districts, and three in the non-regulation districts. In 1856 there were only two non-regulation districts; the commissioner who is styled commissioner of Cooch Behar has since been appointed; he has the superintendence of a large estate, the management of which is in the hands of the Government during a long minority, and also of the districts acquired after the Bhootan campaign in the northern boundary of Bengal. Of his salary half is defrayed by the State of Cooch Behar.

4531. That would not account for so large an increase as 14,000 *l.* in Bengal?—No, it does not. The greater part of the rest is due to a change in the mode of dividing the commissioners' salary. Formerly it was divided between this head and the police; and in some cases, as that of the Commissioner of Cuttack, the head of Salt. The commissioners were commissioners of revenue and police. Now the whole is taken to administration, the police being differently organised, and being charged now with the salary and expenses of the Inspector General of the province, in place of the portion of the salaries of the commissioners.

4532. All those services which were charged to the other heads are now charged to the head of Bengal, without there being any increase to the establishments?—That accounts for the major part of the increase here; there is also some increase of actual expense, and 3,000 *l.* on account of postage.

4533. The two items that you have given, one the Board of Revenue and the other the Commissioners, amount to 89,000 *l.* for Bengal?—That is so.

4534. Is not that sum very large, as compared with other presidencies of Madras and Bombay, for superintending the revenue, there being no additional charge for commissionerships in Madras or Bombay beyond the two items which you gave us of 26,000 *l.* and 18,000 *l.*; can you explain how this very much enhanced charge arises for Bengal?—I think the charge is really higher in Bengal in this particular head. It might be explained, perhaps, in this way, that in Bengal the districts are smaller in area, and are presided over by officers of somewhat lower standing than in Madras and Bombay; that, in point of fact, the collectors in the presidencies of Madras and Bombay occupy a more important position, and receive a higher salary than those of Bengal; but I think it is true that if we take the whole expense for collectors' salaries in Madras, and for commissioners' and collectors' salaries in Bengal, the comparison will not be to the advantage of Bengal.

4535. Is it not the case that the revenue settlement in Bengal being permanent, is often with the large zemindars and in large amounts, whereas in Madras and Bombay it is to a large extent village settlement, a settlement with the ryots, and therefore is in very small amounts; and it would seem more expensive in Madras and Bombay than in Bengal to collect and superintend the revenue?—The whole expense is more, no doubt; but I am speaking merely of the expense for collectors.

4536. I am speaking of the supervision also; it seems to me more expensive to supervise the arrangements of the revenue in Bombay and Madras, than it would be in Bengal, where there is a permanent settlement?—The total charge for supervision is greater in Bengal, although the individual salary of the collector is less; the charges for subordinate agency are smaller.

4537. But the district might be larger in Bengal than in the other case, seeing that the settlement is permanent, and they have only to deal with large landed proprietors?—The settlement is permanent, but the collectors have to deal with numerous small, as well as with large, landed proprietors. It will be observed, to go back to the land revenue charges, that the total expenses of the collectors' establishments in Bengal are considerably less than either Madras or Bombay; that is, including the subordinate establishment throughout the collector's district. In Bengal, the establishment below the collector is very small indeed.

4538. It seems to be 263,000 *l.*, which seems smaller than in Madras, which is 336,000 *l.*, and

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in Bombay 365,000 *l.*?—In Madras, the collector's district is divided into a number of divisions termed talooks, in each of which there is a native officer, the tehsildar, with a considerable establishment; the Bengal collector has nothing corresponding with that.

4539. Then the answer, as I understand, is this: that if you take the whole of the several charges, if you look to the Blue Book, in the aggregate the land revenue charges of Bengal are 302,000 *l.*, in Madras 336,000 *l.*, and in Bombay, mixed up with Scinde, 365,000 *l.*; so that, as compared with Madras, it would seem to be somewhat lower?—That is so.

4540. Will you compare it now with the aggregate charge in the North Western Provinces, which appears to be 207,000 *l.*; can you explain to us why the charge in Bengal should be greater than in the North Western Provinces, where there is no permanent settlement?—The area of Bengal is three times that of the North Western Provinces.

4541. Sir *C. Wingfield.*] But the land revenue of the North Western Provinces is greater than that of Bengal?—That is so.

4542. It is the amount of land revenue that gives the work rather than the area, because you may have a huge area that yields nothing, or is only half peopled?—There seem to me to be many other considerations which must be taken into account.

4543. *Chairman.*] Has there recently been an inquiry into the scale of salary and charges in the Land Revenue Department, with the view of ascertaining the great inequalities that seem to exist in the cost of managing the land revenue in the different provinces?—No comprehensive inquiry, I think, has taken place within any recent time. There was, about 20 years ago, an inquiry into the general question of civil salaries; but that is not quite what you refer to.

4544. That merely went into the actual salaries, not into economic systems of administration?—I think not.

4545. Then perhaps you will just go on with the item; has there been any increase in the charge of the North Western Provinces for commissioners since 1856?—There has been an increase from 27,800 *l.* to 37,700 *l.*

4546. What is that ascribed to?—There has been an addition of one to the number of commissioners, and there is an increase of charge for postage accounting for 2,300 *l.*

4547. Then the commissioner would also carry with him a certain amount of establishment?—Yes.

4548. Does that explain the whole increase?—Besides that, half of the pay of the Commissioner of Kumaon has been added to this account. In former years it was divided between the two heads of Revenue and Law and Justice; it has now been brought under this head.

4549. Then the last item I think is the Punjab; has there been any increase in that?—In the Punjab there is an increase from 38,000 *l.* to 53,600 *l.* There has been an increase in number of three commissioners, in 1856-57 there were seven commissioners; there are now 10. And there has also been a difference in the allocation of charge. Of the seven commissioners that there were in 1856-57, the pay of five was charged in moieties between this head and the account of Law and Justice; therefore we have to add the pay of five and a half commissioners.

4550. Before we go any further on this head, it might be convenient if you would be good enough to clear up this question that arises upon the general abstract of the charges of collection of income at page 23 of the Account delivered to the Committee, in which you will observe the great discrepancy in the relative charges for collecting land revenue, and that Bombay appears here as 673,000 *l.* as compared with 428,000 *l.* in Madras?—It will be observed that in Bombay the sum of 673,000 *l.* includes 216,700 *l.* "Allowances to District and Village Officers," which is entirely extra to the establishments required for the collection and administration of the revenue.

4551. Are these a portion of those hereditary claims that you mentioned in a former part of your evidence?—Yes.

4552. Which the Government has felt itself bound to respect?—Yes.

4553. It appears from this account that the charges for Revenue Survey are very variable; does that depend upon the extent to which the survey happens to be progressing in each province?—That is so.

4554. What is the next item under administration?—The next general head is the account of the offices of Audit and Account.

4555. How much is that?—£ 133,440.

4556. Where is that expenditure chiefly?—That is in every Province but Oude, the accounts of the Province of Oude being in the hands of the Accountant General of the North Western Provinces, and the charge appearing under the North Western Provinces.

4557. Has there been any increase of this head?—This has increased from 99,600 *l.* in 1856-57 to the present amount.

4558. Where has been the principal increase?—The principal increase is under the head India, that has increased from 12,900 *l.* to 24,000 *l.*

4559. What has that been caused by?—That is owing mainly to the centralisation of the accounts in Calcutta. Since 1856-57, arrangements have been made for bringing together the whole of the financial transactions of the Government in books kept up in a central office in Calcutta; this is entirely new. In addition to that, very extensive alterations have been made in the method of conducting the business of this department, in order to secure greater rapidity of record and audit of expenditure.

4560. Is there any other considerable increase; in Bombay, for example?—In Bombay there is an increase of 2,700 *l.*

4561. And in the Punjab?—In the Punjab the cost has doubled.

4562. Why is that?—In 1856-57 there was what was really a temporary make-shift arrangement in force; a few clerks were deputed from the office of the accountant at Agra to conduct the duties at Lahore. The arrangement was not satisfactory, and it was a short time afterwards placed upon a better footing, involving a very considerable addition to the expense.

4563. Then in the Central Provinces and in Burmah has the system of audit been introduced?—A change has been made by the establishment of local offices.

4564. Have they added much to the expense?—That has added very considerably to the expense, but also very greatly to the efficiency of the department.

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4565. Is the scale of salaries of these departments much the same as it was, or has there been any increase?—There has been a radical change in the constitution of the department, the salaries having already been decreased as to rate, and prospectively still further decreased. The maximum salary, after that of the office of Comptroller General, is fixed at 2,400 *l.*; whereas before there were several appointments of 3,000 *l.* and 3,600 *l.*, namely, the Accountants General at Madras and Bombay, the sub-treasurers at Calcutta, Madras, and Bombay, and the civil auditors at those places. These have all been replaced by officers whose maximum salary will never exceed 2,400 *l.*

4566. Then is there any person in this department who posesses any power of auditing all expenditure in the sense of being able to object to expenditure as contrary to laws, or contrary to the rules and orders of the Secretary of State?—It is essentially the duty of the department, to check all expenditure in the Civil Department that is not warranted by the authority of the Government in India; the department of audit does not look beyond that.

4567. If the Governor General, therefore, in Council orders any payment, that is final as regards the Audit Department?—That I consider to be so.

4568. Then there is no audit in India that has the power of in any way bringing to notice any payment made by the Government of India contrary to law, or contrary to the directions of the Secretary of State in Council, which would be contrary to law; is that so?—It would be the duty of the officers of this department to bring to the notice of the Government any expenditure which they had reason to believe was unwarranted.

4569. Supposing, for example, that there is an Act of Parliament that the Governor General shall have no greater sum or allowance than the salary prescribed by Act of Parliament, and he were to charge to the public revenue expenses which belonged to himself; would there be any power af auditing that and checking it?—I think not.

4570. If, therefore, he charged for his travelling account expenses, that would come within the terms of the Act of Parliament; would it be the duty of the auditor to disallow that, and send him back the account?—I think not.

4571. And would that be the same with reference to the Governors of Bombay and Madras; would the auditors there be bound to allow the expenditure, if the Governor charged to the travelling expenses or other account, sums that properly came within the definition of his salary by the Act of Parliament?—I think it would be competent to the officers of the department to make a representation to the Government upon the subject.

4572. Would it be their duty?—It is the recognised duty of the officers of this department, at Madras and Bombay to make a representation to the Government of India in every case in which the local administration is considered to exceed its powers.

4573. Are they officers of the Government of India?—They are so.

4574. And do they report direct to the Government of India?—They do.

4575. But the chief auditor in Calcutta is the officer of the Governor General of India, and not of the Secretary of State?—That is so.

4576. Therefore he cannot report to the Secretary of State?—No, he cannot.

4577. Do you know whether, at any former period, the civil auditor in Bengal was considered an officer of the Court of Directors?—I think never; but I may mention that the civil auditor at Madras did, as I understand, occupy a somewhat different position. It was considered that he could not be removed from his office, except by direction of the Court of Directors.

4578. Was not that the case in Bengal also?—I think not.

4579. And in Madras, could he report direct to the Court of Directors?—I think not.

4580. Do you know whether there was any order of the Court of Directors that the reports of the civil auditors should be sent to them?—I have never heard of it.

4581. Is the audit made before or after the payments are made?—After the payments are made.

4582. Then upon whose responsibility is the money paid previous to the audit generally?—Upon the responsibility of the disbursing officer.

4583. Mr. *Eastwick*.] The Accountant General's office is dissimilar from other offices in India; that is to say, it is a general office for the whole of India, is it not, and promotion goes on in Bombay and Madras up to the Accountant General at Calcutta, who might be a Bombay or Madras officer?—Yes, that is the case.

4584. When was that change established?—In 1858.

4585. Supposing an irregular charge to be made by the Governor General, would not that be noticed by the civil auditor at home in the Secretary of State's office; that is to say, by General Jamieson, or whoever his successor is?—I can hardly say.

4586. It would not pass without notice, but the Council of India would notice it, and its auditor would notice it, I presume; take the example that the honourable Chairman put; supposing the Governor General made a tour, and put down a charge of 10,000 *l.* for that tour, or for some expenses during that tour, which he ought to have paid out of his own salary, then would not the Council of India, or the civil auditor in the Secretary of State's Office see that charge, and remark upon it; would there be no means of tracing that charge?—The accounts furnished to the Department of the Secretary of State vary but little from those that are before the Committee, and presented to Parliament. The expenditure contained in these accounts has, I am quite aware, frequently challenged the comments of the Secretary of State, but I should say that there was no systematic audit made in England of the accounts in India.

4587. Are you aware that under the government of the East India Company the Court of Directors were made aware of all the details of charges in India; that there was a book which was kept that showed the details of charges?—That was the case in the Military Department; and at the present time there is a full record of all expenditure on salaries supplied to the Department of the Secretary of State.

4588. You mean civil salaries?—Civil salaries; it is also the case that full copies of our principal books of account are sent to the India Office.

4589. Then

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4589. Then would they not see this charge; would they not have some means of discovering this charge?—These accounts are not vouched, by which I mean they are not accompanied by vouchers for expenditure.

4590. Would that prevent the Secretary of State from tracing this particular charge?—They are not in sufficient detail to admit of any systematic audit.

4591. *Chairman.*] Or to permit of judgment being formed of their propriety?—No.

4592. Mr. *Eastwick.*] Has it ever come under your cognisance that any irregular charges of that nature have been made?—I cannot call to mind any that I think I ought to notice in answering your question.

4593. *Chairman.*] Perhaps a fairer way of putting the question would be this, has the Audit Department ever called the attention of the Government to charges of that kind within your knowledge; that is a practical question of fact that you can answer, that is not a matter of opinion?—No, it has not.

4594. Mr. *Eastwick.*] How far does that experience date back?—I have been in the Audit Department for 18 years, but my answer to your question would be eight years.

4595. Sir *D. Wedderburn.*] I should like clearly to understand this; I gathered from your evidence that while a certain amount of control was exercised by the Government of India over the expenditure of the various local governors, there is practically no control whatever over the personal expenses of the Viceroy except the discretion of the Viceroy himself; I refer to those personal expenses which are chargeable to the public revenue?—There is no control exercised in the form of control or audit in India.

4596. Nor at home?—No.

4597. Mr. *J. B. Smith.*] Are vouchers of all your accounts or Indian payments given to the Government here?—No.

4598. I am speaking of other accounts, not of the Governor General's, or the governors of provinces, but the other expenditure?—No.

4599. Is there not a department of the India Council which takes charge of these questions?—That is not within my experience.

4600. Mr. *Candlish.*] Is there any control whatever over the expenditure of the Governor General?—The expenditure has been fixed by the authority of the Home Government, either by the Court of Directors, or by the Secretary of State.

4601. If there is a maximum limit to his personal expenditure, what is that limit?—I do not think I can answer the question, for all that my duty has had concern with has been the authority of the Governor General in Council.

4602. Do you hesitate about answering it, being ignorant of the fact, or as a matter of policy?—I am really ignorant of the fact.

4603. *Chairman.*] Do we clearly understand from you that it forms no part of your duty to ascertain whether an order that you may receive from the Governor General in Council has or has not been sanctioned by the Secretary of State for India in Council; that you do not ask for, or look for, or investigate that authority?—As a matter of fact, in such a case, the orders of the Court of Directors, or of the Secretary of State, would have been communicated to my department.

4604. What I want to know is, whether you have, by orders of the Secretary of State or the Governor General, a distinct instruction that you are, or are not, to look beyond the Governor General's Order in Council, to ascertain whether that has, or has not, been sanctioned by the Secretary of State for India in Council, or whether you merely get the information probably as part of the current mode of doing business?—Quite so. I have no authority to look beyond the directions of the Governor General in Council.

4605. Mr. *Candlish.*] Do you officially know what the maximum limit is of the Governor General's personal expenditure?—The estimates for this expenditure, after they have been approved by the Governor General in Council, are communicated to me.

4606. Is that estimate subject to revision and approval by the Secretary of State?—No.

4607. Then, in point of fact, he has no limit assigned to him?—I do not understand that; but the annual estimate does not require the previous sanction of the Secretary of State. But the fact is, that this expenditure has proceeded for many years on a regular scale, and it might be a matter of some difficulty to trace back the original authority.

4608. Might I just refer again to my first question, as that amount is a tolerably defined amount, I suppose, from year to year, that is a matter of fact which comes within your official knowledge, I presume?—It is not fixed in the gross; there is no gross amount that I can mention as the limit of the charges of the Governor General. They consist of a variety of charges, which have been individually and separately dealt with at several times. For example, the salary of the Governor General's private secretary is now only two-thirds of what it was 22 years ago.

4609. You say that it is not fixed in the gross, but that is simply because you have not a sum of addition done; the items have not been added into one sum?—I can give, in very considerable detail, the amount of the sanctioned expenses at the present time.

4610. I do not think that the Committee would care about the detail, but I thought they would like to know the gross sum; upon that I was going to ask this further question: if the expenditure exceeds the estimate, is that matter of remark which you bring under the notice of the Secretary of State?—The estimate for the staff and household of the Governor General in the year 1870–71, amounted to 16,144 *l.*; the expenses amounted to 18,119 *l.* This was not, so far as I am aware, specially reported to the Secretary of State.

4611. Was that because you did not regard the amount at large, and if it had been what you considered a large amount, would that have been brought under his notice?—It would have been brought under the notice of the Government of India as a deviation from the estimate.

4612. Do you call that excess small or large, being about 10 per cent.?—It is not excessive.

4613. Mr. *Dickinson.*] There are certain fixed establishments, are there not?—That is so.

4614. Are those fixed by the authority at home or by the authority of the Governor General?—They were probably fixed by the Governor General.

4615. Do you know of any limitation, either for fixed or for contingent expenditure, of the power of the Governor General in Council?—

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There is no greater control or limit over the discretion of the Governor General in this respect than in any other branch of the administration, and there are distinct directions in regard to expenditure generally, that the Governor General shall in no case create any new office without reporting the same for the sanction of the Secretary of State. I am aware that that is the case, but the question, as it has been presented to me hitherto, is as to the control in India over the accounts of the Governor General in auditing the accounts.

4616. Supposing the Governor General in Council were to authorise payment to an amount exceeding the authority from England, would you pass that account?—If directed to do so by the Government in India.

4617. Would you pass it on that order, not their special direction?—I should.

4618. Would you, in your department know the order from England fixing it?—Not necessarily.

4619. It would make no difference to you, whether you did or did not know it?—No.

4620. Mr. *Cross.*] When these accounts come to England, is there any person in England who has any check upon them?—I think I have given this answer; that there are not the materials for a systematic audit in England.

4621. Mr. *Candlish.*] There is no attempt, I suppose, at systematic audit?—I think there cannot be one; it is impossible for me to say; but I think there cannot be a systematic audit.

4622. Mr *Dickinson*] Supposing it were possible that the Governor General in Council were to pass an order making a gratuity to one of themselves, you would make no further inquiry, but would pass that upon the order; you would have no authority to check payment upon that order?—It would not be my duty to question the object or purpose

4623. Looking at the state of the audit in India under the local authority, do you think that it is desirable that the auditor in India should be subject to the Home authority, and should report direct to the Home authority?—As a personal opinion, I think that greater power and greater responsibility might perhaps with advantage be placed in the Auditor General of India.

4624. Could that be done without placing him in direct communication with the supreme authority in England?—I think it might be done.

4625. Then it would be rather in the form of remonstrance than in the form of checking any expenditure that he would act?—It would be so.

4626. Take, for instance, an item which appears, "Furnishing a house for the local Governor," or the Governor General; there would be no check beyond the order of the Governor General himself in Council?—No.

4627. Either check or remonstrance?—No.

4628. Mr. *Cross.*] Have you ever had any remonstrance upon the payments that you have passed in India from England?—I have not received any information of a remonstrance.

4629. But I presume, if a remonstrance was made from England, and it was thought right that the accounts should be disallowed after you had allowed them, then it would come to your notice in some way?—I think not; I have never known any instance of the kind.

4630. Then you have never known any account that you had passed cancelled or altered in consequence of remonstrance from England?—No.

4631. Mr. *Eastwick.*] Would it not be the case that the Finance Minister would stand in the way of abnormal charges; that is to say, supposing that the Governor General, or any one else, in fact, wished to impose on the expenditure an abnormal charge, would not the Finance Minister stand in the way?—The Finance Minister, as the responsible adviser of the Government, is of course entitled to object.

4632. Therefore perhaps you would think that the objection ought to come there and not in your office?—I would rather not answer that question.

4633. Sir *C. Wingfield.*] But you would not call the Finance Minister an adviser of the Government, would you; he is one of the Government itself, a responsible member of the Executive Government?—He is an adviser of Government; the Governor General is advised by his council.

4634. *Chairman.*] Practically, is the Government of India administered by the Governor General with one councillor in each department?—I think not. Perhaps it is hardly convenient that I should attempt to explain the course of business in the Governor General's council with which I am not personally acquainted.

4635. Mr. *Candlish.*] Is there the same freedom in the case of the several Provincial Governors as to their personal expenditure, that there is with regard to the Governor General; what restraint or limit is there on their expenditure?—The estimate must be previously accepted in each case by the Government of India.

4636. Would the Government exercise any check upon this expenditure; for instance, when an estimate is submitted is that ever referred back for revision?—I do not think I can answer the question.

4637. You have not the knowledge, you mean, enabling you to do so?—No.

4638. *Chairman.*] In order to carry out your idea that the auditor might have greater responsibilty put upon him, would it be necessary that the auditor should either be appointed or confirmed in his office by, and should be irremoveable without the sanction of, the Secretary of State for India in Council?—That I think would be necessary.

4639. And would it also be necessary that he should report on the accounts, and that his reports though delivered to the Governor General in Council should be transmitted to the Secretary of State for India?—I think so.

4640. As of right?—Yes, as of right.

4641. Could you give us a classified statement of the number and salaries of the revenue officers in the different provinces, explaining those discrepancies, or do you consider that the system is so different in the different provinces that you cannot institute that comparison?—There may be some difficulty in that, but I think I could prepare a useful statement for the Committee.

4642. Sir *C. Wingfield*] If you refer to the heading, "Oude, Deputy Commissioners: Salaries, Establishment, and Contingent Charges," you will find 62,324 *l.*; in the Central Provinces, "Deputy Commissioners: Salaries, Establishment, and Contingent Charges," are 70,000 *l.*; that is to say, 8,000 *l.* more; but the land revenue of Oude is 1,300,000 *l*, while the land revenue of the Central Provinces is only 600,000 *l.*; that is to say, that the land revenue of Oude is more than double that of the Central Provinces; but the cost of the management and mode of administration and collection of the revenue, is actually greater in the Central Provinces than it is in Oude. That is a very startling difference, is it not? Then take the North Western Provinces; the revenue of the North Western Provinces, in round numbers, is three times that of Oude; if the cost of collection and management of the land revenue were in the same proportion, it would be 180,000 *l.*, instead of being 287,000 *l.* What causes are there, if there is any cause, for this extreme difference of expenditure; because it is obvious that if the existing establishments are sufficient in Oude, establishments on the same scale would lead to a great reduction of expenditure in the North West Provinces. Will you make out a comparative statement that we may see the bearings of the question?—Yes, I will do so.

4643. It was mentioned that the appointment of financial commissioner had been abolished in Oude, although it is retained in the Central Provinces where there is only half the area, and nothing like the population. Has not the question of the abolition of the boards of revenue, both in the North Western Provinces and in Bengal, and the substitution of a secretary in the revenue department under the head of the Government, been frequently agitated?—It has.

4644. *Chairman.*] Would that be a more economical arrangement?—I have no doubt it would be more economical.

4645. Sir *C. Wingfield.*] In fact, you would have one secretary in the department on the same salary as two or three members of the Board of Revenue at present enjoy?—I have no doubt that there would be a money saving.

4646. *Chairman.*] And would you also save the circuitous method of communicating first with the commissioner and then with the Government on questions which might arise respecting the revenue?—There would be then one step taken away.

4647. Sir *C. Wingfield.*] You have heard it often said, I dare say, that the boards of revenue were useless?—I am aware that many persons have held that view.

4648. *Chairman.*] Will you go to the next item of your schedule of administration; is that for public works, offices of account, and audit?—There is a separate department for the audit of account of the Department of Public Works; this represents the cost of that department.

4649. Was that brought under your control afterwards, or is it a department directly under the Government?—At the present time my department is not concerned with the detailed audit of the expenditure in the Public Works Department, but merely with a record of results.

4650. Can you tell us how far that audit goes into the details of expenditure?—I am aware that it goes into the fullest detail.

4651. It is under the Governor General?—It is under the Governor General; it is a department having representatives at the head of each one of the several local administrations.

4652. And locally placed?—Yes.

4653. And do they examine all the expenditure with vouchers, do you suppose?—Yes, they do.

4654. Then is your audit what may be called an appropriation audit merely, seeing that the expenditure is kept within the limits of the votes?—No, I do not consider it even that; it is a mere record of the results.

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4655. To bring the whole accounts together?—Yes.

4656. Then it is not your business to report upon any excesses of expenditure over estimates; it is the business of the auditor of public works to do that?—That is so.

4657. What is the total of the audit of the public works?—£. 10,000.

4658. Is that a new charge altogether since 1856?—There was no corresponding office in 1856.

4659. Now what is the next item?—The next item is the cost of the Currency Department.

4660. What is the amount of that?—The total expense in the Currency Department is 23,334 *l.*

4661. What is the nature of that expenditure under the head of administration; is that the expense of the whole of the Currency Department, or only supervision?—It is the salaries of of the officers employed in the department, with all the expenses of their offices, but in order to obtain a full account of the expenses of the department, other charges must be addded to those.

4662 Can you bring them all together in any form?—I am afraid I have not brought it with me to-day, but a full account is required by law to be published, and is annually published in India.

4663. Can you put it in on a future occasion?—Yes

4664 Is this a new item of expenditure since 1856?—That is so.

4665. Where is that chiefly carried on?—The Currency Department has offices for the issue of currency notes at Calcutta, Allahabad, Lahore, Madras, Trichinopoly, Calicut, Vizagapatam, Bombay, Kurrachee, Nagpore, and Akolah. Akolah is in the cotton districts of the Central Provinces; it is near Oomrawattee.

4666. What is the next item?—The expenses of the Money Order Office.

4667. Is that an office connected with the Post Office, or what is that money order office?—It is an office that carries on similar operations to the money order business of the English Post Office; that is to say, it issues and pays money orders under the same general conditions throughout the country, but it is not in connection with the Post Office of India, it is in more immediate connection with the collectors' treasury.

4668. What does that amount to?—The charge amounts to 6,420 *l.*

4669 What is the next item?—The next item is the allowances to the Presidency Banks, the banks of Bengal, Madras, and Bombay, for conducting certain duties connected with the Government business.

4670. That is for keeping the Government accounts?—It is for keeping the Government accounts and management and payment of interest on the public loans.

4671. What is the total of that?—The total is 26,849 *l.*

4672. Is that new since 1856?—Yes, it is quite new since 1856.

4673. Does that represent any expenditure that was carried on by a department of the Government previous to this system being introduced?—That is so. The corresponding expense

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in the year 1856-57 is considered to be 31,111 *l.*, being the expenses of the general treasuries of the Government which were maintained before the adoption of this system.

4674. And the establishments for paying and receiving money direct by the Government?—Yes, quite so; at Calcutta, Madras, and Bombay.

4675. Do these things together embrace the whole of the item of expenditure, the total 1,153,192 *l.* for administration?—Yes.

4676. Mr. *Eastwick.*] With regard to these questions of banks, has there been any change made at all lately in the duties transacted by these presidency banks for the Government, I mean since the failure of the Bombay Bank?—I think not in consequence of the failure of the Bombay Bank.

4677. I do not say in consequence of that failure?—No, no change. Perhaps I should add to that, though I think it hardly affects your question, that the management of the Government treasury business at certain stations in the Bombay Presidency has been made over to the new Bank of Bombay, the old Bank of Bombay never having conducted these duties except for the town of Bombay.

4678. Is that a valuable transaction for the new Bank of Bombay?—I apprehend not.

4679. Does it imply the receipt of large sums of money?—It does; but whatever money is received by the agencies of the Bank of Bombay on this account is held on account of the Government, involving no obvious profit or advantage to the bank.

4680. But in case of failure of the bank, would the Government lose by this new regulation?—That is so, it is at the risk of the Government.

4681. Is there now a Government member in this new Bank of Bombay?—No; there is no Government director.

4682. Or in Bengal or Madras?—In Bengal there are three directors appointed by the Government, and also at Madras.

4683. *Chairman.*] There is an item of 206,000 *l.*, part of the English accounts, which is apparently connected with stores, under the head of "Other charges"?—That is merely extracted in India from the Home Accounts; it is not for stores. The Committee will observe that it is under the head of "Other charges." It will represent the furlough allowances of officers on leave.

4684. The next item of the Accounts is the "Minor Departments," as it is called, amounting to 212,897 *l.*; can you state what the amount of that expenditure was in 1856-57?—In 1856-57, the corresponding expense was 99,525 *l.*, the amount in the year 1870-71 being 212,897 *l.*

4685. Does this increase arise generally from an increase of these departments, and the creation of some new ones?—In many instances these are new departments, departments of a special character.

4686. To begin with, what is the first?—The first is the "Surveyor General's Department."

4687. Has that increased?—It has increased by 15,000 *l.*

4688. What is the cause of that increase?—There has been a very great increase in the work of this department. The numerous projects of the last few years for State railways and irrigation works have thrown upon the department a great deal of work in connection with the preparation of maps, and so forth. In addition, the maps of the Indian Atlas, which for many years were being engraved in London, are now being executed in Calcutta. It is considered that by this means greater rapidity of action is secured, and, I believe, economy in some degree.

4689. Have you set up a photographic department, in recent times, in India?—Since 1856-57 there is a photographic department, which is quite new; it costs 3,000 *l.* Then there has for many years been a lithographic branch attached to the Surveyor General's branch in Calcutta; that has been considerably extended.

4690. Have the salaries of the officers regularly employed been raised, or have they remained stationary?—I think there is very little change in the pay of the officers of this department. I may mention that the present Surveyor General has a salary of somewhat less than 3,500 *l.*, which is somewhat higher than the salary of the Surveyor General in 1856-57. That is only due, I think, to the higher army rank of the present incumbent.

4691. What is the next item?—The next item is the Mathematical Instrument Manufactory, which is attached to the Surveyor General's Department, and costs about 5,000 *l.* a year. The work of that manufactory has been very much increased, owing mainly to the further number of instruments required by the Department of Public Works.

4692. What is the next item?—The next is the Trigonometrical Survey, the cost of which at the present time is 61,860 *l.*

4693. What was that formerly?—In 1856-57 it was 23,757 *l.*, showing an increase of 38,000 *l.*, but the amount is 20,000 *l.* less than the charge in the previous year 1869-70.

4694. What has been the cause of that large increase, is it in consequence of the more extended operations of the survey?—It is simply due to the extension of the operations of the department which are now approaching completion.

4695 Then we may expect that item to diminish?—That may be expected to diminish.

4696. What is the next item?—The next item is the Topographical Survey; this works in subordination to the operations of the Trigonometrical Survey

4697. Has that increased?—It has increased from 11,900 *l.* to 34,000 *l.*, but that is also quite temporary in character. The operations of the Topographical Survey will, at no distant date, I believe, be brought entirely to an end. This increase is due to the operations of the survey being at the present time pushed on more actively; there are more parties engaged in it.

4698. What is the next item?—The next item is the Geological Survey, which costs 22,000 *l.* In 1856-57 that department was on a smaller scale, the charge being somewhat less than 7,000 *l.*

4699. To what is that increase due?—In 1856-57 there was hardly any systematic survey in operation. There was a superintendent, who had a salary of 1,300 *l.*, with some assistants on small pay, and he was principally engaged, not so much in a regular geological examination of India as in isolated inquiries in connection with the coal fields. In 1856, the date which this comparison refers to, the superintendent brought the whole subject before the Government, and it was determined to organise the department, improving the pay, so as to secure the permanent employment of competent persons, who would be

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numerous enough to carry on a systematic survey of the country. At the present time there are three first-class surveyors, whose average salary is 1,095 *l.*; four second-class assistants, on a salary of 756 *l.*; and eight third-class assistants, on a salary of 542 *l.* Then there is a mining geologist, with a salary of 715 *l.*

4700. What is the next item?—£. 9,387, the cost at the present time of "Central and other Museums"

4701. Have those been established in recent times?—Those have recently been established at Calcutta, Madras, and Bombay, with a small charge at Nagpore. The museum in Calcutta has the charge of some very valuable collections made during a long series of years by the Asiatic Society of Bengal, which were surrendered to the Government on condition that they were placed in a suitable building. The expense consists of a curator, who has a salary of 1,085 *l.*, three assistants, and a sufficient number of servants This museum is open to the public free.

4702. Is there any considerable charge at any other place?—The only other considerable charge is at Madras. There is a public museum there, and the expense, which amounts altogether to 3,200 *l.*, includes the cost of the maintenance of a menagerie in the people's park at Madras. That costs about 400 *l.*

4703. What is the charge at Bombay?—The charge at Bombay at present is 687 *l.* This is the pay of a curator at 480 *l.*, with a small establishment.

4704. What is the necessity for keeping up these museums in Bengal and Madras at such an expense, when they are not kept up in Bombay, or in any other central place or seat of Government?—In Calcutta, as I mentioned, the collection has been presented to the Government.

4705 What is the next item of any consequence?—The charge of 4,000 *l.* for meteorological observations.

4706. That speaks for itself. Is that a new item, or nearly so, since 1856?—That is nearly new; the corresponding expense in 1856–57 being but little in excess of 100 *l.*

4707 What is the next item?—The next is for examinations; that cost 7,000 *l.*

4708. Are those for the admissions into the service in India?—It is the cost in Calcutta of the examination of the junior officers of Government in the native languages. The charge consists of the salary of the secretary, of an examiner, and a small establishment, costing altogether about 2,500 *l.* Then at Madras it is somewhat different; the cost there is 4,400 *l.*, and that is the cost of public examinations which are held in that Presidency, which are open to all classes, and which the Government requires everyone to pass before admission into almost any branch of the public service.

4709. Why is this system of expenditure peculiar to Madras as compared with all the other subordinate Governments?—It was originated by the Madras Government a few years ago, I think, when Sir Charles Trevelyan was Governor of Madras. I perhaps ought to mention that this expense is somewhat more than covered by fees, which the candidates for examination are required to pay.

4710. Mr. *Eastwick.*] You are speaking of natives now, I suppose?—Yes

4711. Under the term "natives," do you include any person in the uncovenanted service?—I think it includes many persons of European extraction, who are natives of the country.

4712. But would it include Europeans who had come out?—I think not; there is probably no restriction; but the examination lists, which are published in the official "Gazette," appear, from a cursory examination of them, to contain nothing but native names.

4713. But it is not restricted, in fact?—No, I think not.

4714. Are these examinations conducted at what they call the College, at Madras, or anywhere in the district?—I am not acquainted with the regulations.

4715. Does it include the honorarium given to civilians for passing, and to young officers, and so on?—Out of the total charge of 4,400 *l.*, which I mentioned, about 200 *l.* represents the expense connected with the examination of the junior officers of Government.

4716. Then where are the honoraria charged, because that, of course, must be a very large sum; I mean the Moonshee allowance and prizes, and so on?—That will be found under the account of Miscellaneous Expenditure, which follows later.

4717. Mr. *J. B. Smith.*] What has been the result of the establishment of the Geological Survey; has it resulted in the discovery of coal and minerals to any extent?—A large number of places where it was thought probable that good coal would be found have been carefully examined by the superintendent of the Geological Survey. The coal fields of Raneegunge, 120 miles from Calcutta, and the coal fields of Chanda, south of Nagpore, have been carefully examined, and very full reports have been published by the Government of India. Other places where coal had been reported to exist have been examined, the general tenour of the reports upon them being unfavourable. The superintendent has also collected the materials for a geological map of India, the completion of which is shortly expected.

4718 Have you heard of any recent discoveries on the Godavery?—It is the Upper Godavery that I referred to when I spoke of Chanda, south of Nagpore.

4719. These are recent discoveries to which I allude; you have not heard of them?—No. (Mr. *Gay.*) I think those investigations to which you allude are made by officers of the Nizam; our geological officers do not go there.

4720. (To Mr. *Harrison.*)] Have there been any discoveries of minerals of any kind?—I have no special information of the recent operations of this department.

4721. Mr. *Lyttelton.*] How far are the operations of the Trigonometrical Survey to extend; over the whole of India?—The triangulation has been completed over the whole of India; there is a coast series on both coasts, and a system of triangulation down the centre of India and over the whole of the northern boundary from Assam to Peshawur.

4722. Including the native states?—Yes.

4723. On what scale?—The sheets of the Indian atlas are being engraved on the scale of four miles to an inch.

4724. *Chairman.*] We may run shortly through all these minor departments; perhaps you will sum up the rest of the expenditure of the minor departments?—There is the Archæological De-

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partment, 1,435 *l.*, and the Emigration Department, 1,350 *l.*

4725. Mr. *Dickinson.*] What is the emigration; is it coolie emigration?—It is for the protection of native emigrants from India.

4726. There is a payment under Oude in that head of 12 *l.*?—That is an accidental payment.

4727. *Chairman.*] What is the next?—The Cotton Department, 7,930 *l.*

4728. Is that for preventing frauds in the pressing of cotton, or reporting upon the cotton?—No; it is rather experimental cotton farming for the encouragement of the growth of cotton. The cost of the Cotton Department, 7,900 *l.*, consists of the salary of a commissioner, at 2,400 *l.* a year, who has been appointed in connection with this subject; he has an assistant and a small establishment.

4729. Will you go on with the rest of the expenditure?—The Inland Labour Transport, 618 *l.*; Botanical Gardens, 11,470 *l.*

4730. What are those; the experimental gardens of which we have heard in different places?—They are rather scientific than experimental. At Calcutta the Botanical Gardens costs upwards of 4,000 *l.*; and in the North Western Provinces, there are two or three, I think. In the North Western Provinces the cost is 4,680 *l.* on this account; and at Bombay there is a charge of 1,300 *l.*

4731. Can you explain why the cost should be so great in Calcutta as compared with Bombay?—It is a very much larger establishment.

4732. And the cinchona plantations amount to what?—£. 11,190 *l.*

4733. What are the other items?—Tea plantations, 1,020 *l.*; public observatories, 3,700 *l.*; and experimental factories, 4,000 *l.*

4734. What are those experimental factories?—The charge occurs at Bombay, 3,335 *l.*, and 770 *l.* in the North Western Provinces. At Bombay it is the cost of the cotton jinning manufactory at Dharwar. There cotton saw jins have been made for the use of the cultivators.

4735 Can you tell what the receipts are on account of the factories?—The corresponding receipts in the year amount to 1,087 *l.* for the Dharwar Factory.

4736. Mr. *Candlish.*] Are those heads of charge mostly new?—In several instances they are new, and in others the expense has increased.

4737. Who determines the propriety of creating them; is it in your province to answer that?—No, I am not aware

4738. I suppose they have an Indian origin, and are not home recommendations?—In every instance I think it may be assumed that they have originated in proposals in India.

4739. And have been confirmed on reference to England?—I think so.

4740. *Chairman.*] Are you prepared to give the Committee the information as to the large sum for the allowances and assignments under treaties and engagements, or do you prefer that being given by some officer in the India Office in the political department?—I understand that Sir John Kaye will be prepared to speak to that.

4741. Mr. *Eastwick.*] Could you give any information with regard to that?—The Accounts contain a good deal of information, and beyond that there is some that I could give, but not a very great deal.

4742. Mr. *Candlish.*] Have you any opinion, or is it beyond your province to give an opinion, as to whether those charges for botanical gardens, and things of that sort, should be an imperial charge, or local charges?—I think that where practicable, charges of that character should be thrown upon the local community.

4743. Do you know if that alternative was considered when those heads of charge were created?—I should say not. The Botanical Garden in Calcutta, which involves the largest expense, has been in existence for a great many years.

4744. But I believe that a very large portion of those several heads are new. Who could give us evidence as to the considerations which determine their being charges for the Imperial Exchequer?—There are so many departments affected, that I hardly think I could give a general answer; but in each instance the circumstances that have led to the creation of the department can, I think, be fully spoken to.

4745. Would they all come through and be recommended by the Governor General of India?—I think so.

4746. *Chairman.*] To proceed to the next item, the administration of law and justice, can you give me the total of that in 1870-71, as compared with what it was in 1856-57?—The total sum in the accounts for 1870-71, is 2,996,000 *l.*, as compared with 1,741,000 *l.* in 1856-57, showing an increase of 1,255,000 *l.*

4747. Will you be good enough to explain how this large increase has arisen; can you give us a classified division of this large item?—I should first divide this expenditure into three general heads: there is first the cost of the civil and criminal courts of justice throughout the country, amounting at the present time to 2,162,000 *l.*

4748. What is that amount as compared with what it was in 1856-57?—In 1856-57 the amount was 1,458,000 *l.*; the increase in 1870-71 being 704,000 *l.*

4749. What is the next head?—Gaols. In 1856-57 the charge was 283,000 *l.*; it is now 727,000 *l.*, showing an increase of 444,000 *l.* Then there is the expense of the Registration Department, which amounts at the present time to 106,000 *l.*; there is nothing corresponding to this in 1856-57.

4750. What do you mean by the Registration Department?—It is a department of recent creation under an Act of the year 1864, which has since been somewhat modified by a more recent law, making the registration of all documents affecting the title to land, including all leases of land or of houses for more than a year, absolutely compulsory; and providing for the voluntary registration of a large class of other instruments.

4751. We will now take up the first item of the increase, the courts of civil and criminal justice; can you explain more in detail how this increase of 704,000 *l.* has arisen?—There are first the salaries of the judges of the High Courts. The amount at the present time is 149,600 *l.*; the corresponding expense in 1856-57 was 96,400 *l.*; the increase being 53,000 *l.*

4752. Will you explain how this large increase has occurred in the High Courts?—That is not the whole of the increase in the High Courts, which is 92,000 *l.*, the remainder being partly in the establishments of the courts, in which there is an increase of 14,600 *l.*, making the total increase of the cost of these courts 92,525 *l.*

4753. That

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4753. That embraces the items of the High Court Appellate branch, and the Provincial High Court establishment, and the Recorder's Court, I presume?—The amount is composed of these increases: 53,000 *l.* in the salaries of the judges; 14,600 *l.* in the appellate branches of the courts of the three Presidencies; 16,000 *l.* in the establishment of the original jurisdiction branches of the high courts; 8,600 *l.* in the establishments of the provincial High Courts at Allahabad and Lahore; and 7,000 *l.* being the cost of the court of the Recorder of Rangoon.

4754. What has brought about this increase in the judges of the High Court?—The constitution of the High Courts has been changed, or rather they have been formed since 1856 in pursuance of an Act of Parliament that was passed in the year 1861. They were formed by an amalgamation of the Supreme Courts at the three presidency towns with the Appellate Courts existing previously, known as the Courts of Sudder Dewanny and Foujdari or Nizamut Adawlat.

4755. Was there any increase in the number of judges in the combined court as compared with the judges of the separate courts?—In Calcutta at the time that the amalgamation was carried out there were five judges of the Sudder Court, and there were at the same time five temporary judges, owing to the state of the work of the court at the time; and of the Supreme Court there was a Chief Justice and two puisne judges, making in all 13. On the constitution of the new court, it was found necessary to increase for the time the number to 15, which was the full number allowed by the Act. Since then the number of judges has been reduced. At the present time it is again 13, and there is a probability of a somewhat further reduction.

4756. Mr. *Candlish.*] There is nothing in the fact that you have given to account for the increase of the salaries of the judges?—There has been no increase in the rate of the salaries; the increase in the charge is due to the increase in number.

4757. *Chairman.*] Has there not, on the other hand, been a decrease in the rate of salaries of the judges?—Yes: there has been a decrease in the rate of the salaries of the judges. Before the amalgamation, the salary of the Chief Justice of the Supreme Court at Calcutta was 8,335 *l.*, and there were two puisne judges whose salary was 6,251 *l.* each, making a total for judges' salaries of 20,837 *l.* The salary of the Chief Justice at the present time is unaltered; but the salary of the puisne judges is now 5,000 *l.*, instead of 6,250 *l.*, each. In the Sudder Court in 1856, there were two judges whose salary was 5,220 *l.*, and three judges whose salary was 5.000 *l.* At the present time the whole of the judges, with the exception of the Chief Justice, have a salary of 5,000 *l.* Part of the increase is to be further accounted for by the consideration that in 1856, although there were 10 judges in all of the Sudder Court, the main part of the salary of the five, who were additional judges, will not appear under this particular head, but under that of their substantive appointment as district judges or commissioners.

4758. Was the same principle applied to the other High Courts, of uniform reduced salaries for all the judges except the Chief Judge?—That is so.

4759. Have the establishments at the courts been increased or diminished?—The establishment of the courts has been increased both in number and in the average rate of remuneration. In 1856–57, there were attached to the old courts 406 officers of the court, clerks and servants, having an average salary of 86 *l.* In 1870–71, the total number was 495, the average salary being 109 *l.*

4760. Do you know whether this apparent increase of charge has resulted to any extent from the officers being paid by salary, and having formerly received their emoluments in fees, which they kept for themselves?—No, I do not think that that can be very largely the cause of increase.

4761. But in connection with this subject, and the general charges for the Civil Court, can you state what has been the increase received in fees and in cash from the administration of justice during the same period; can you separate the High Court from the other courts?—Not in regard to the fees.

4762. Or the cash receipts or stamps?—No, I have not the means of stating the fees of the High Court separately from the others.

4763. Do you know whether these officers of the High Courts are now paid by salary, or whether they receive fees for their own emolument?—The principal officers of the High Court have always been paid by salaries, and there has been a very considerable reduction in the scale of the salaries of the principal officers. For example, in the Supreme Court of Calcutta there were five principal officers, the Clerk of the Crown had, united with the office of clerk of papers, a salary of 3,600 *l.* The Accountant General and Registrar had a salary of 3,600 *l.* likewise; the taxing officer had a salary of 1,900 *l.*; and the sworn clerk a salary of 1,440 *l.* In place of those there is now one officer, who unites the duties of clerk of the Crown, clerk of the papers, accountant general, and taxing officer, on a salary of 2,400 *l.*

4764. Mr. *J. B. Smith.*] Are those Europeans?—The clerk of the Crown and the master are members of the bar, Englishmen.

4765. *Chairman.*] Have you made up the 92,000 *l.*?—That is due, taking the Calcutta High Court as an example, to the increase in the number as well as in the pay of the translators and clerks of the court, which has been very considerable. I mentioned the increase of the numbers as well as the increase in the average rate of remuneration, the numbers have increased from 406 to 495, and the rate of remuneration from 86 *l.* to 109 *l.*

4766. Will that account for about 40,000 *l.*?—That is speaking now only of the Calcutta court. There have also been similar alterations in the High Courts of the other Presidencies. If we come to the Madras High Court, there is an increase in the judges' salaries from 19,000 *l.* to 22,000 *l.*

4767. Is that in consequence of the increase in the number of judges?—Yes.

4768. Mr. *Candlish.*] Can you tell the Committee why there has been an increase of 53,000 *l.* upon 96,000 *l.*, an increase of 60 per cent. upon salaries of judges? — In the case of Madras, much of the increase of charge is due to the fact that the officers of the court were formerly paid partly in fees, and consolidated salaries have been substituted.

4769. Why has there been an increase in the

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number of judges? — That is partly to be accounted for from the consideration that the original jurisdiction of the court remains exactly what it was. In 1856–57, there was a court of three judges at Calcutta, and in the appellate jurisdiction the law contemplated the addition of a Barrister Judge to each Bench of Judges, apparently requiring, irrespective of the amount of judicial work to be got through, an addition in the number of judicial officers. Then it would seem that the work of the court at the time required a greater number of judges than is necessary at the present time, or than the numbers existing would have been sufficient for. There was a very great accumulation of causes to be dealt with at the time of the amalgamation.

4770. *Chairman.*] Does that make up the increase of 92,000 *l.* as the increase in the three Presidency Courts?—The increase in the three Presidency Courts, added to the additional cost of the provincial High Courts at Allahabad and Lahore.

4771. Have those been set up new since?—Those have been set up new; they have taken the place of courts that had an inferior jurisdiction, and were on a smaller scale

4772. Then how much would these new appellate courts cost?—The cost of the provincial High Courts at Allahabad and Lahore is 20,600 *l.* The sum which is compared with that in these accounts, representing the Sudder Court at Allahabad, and the Court of the Judicial Commissioner at Lahore, amounted to 12,000 *l.* only; then there is the cost of the Court of the Recorder of Rangoon, 7,000 *l.*

4773. Has that been set up, also, new since 1856?—Yes, it has been set up since then.

4774. Do you know whether there is any difference in the rate of pensions, and the conditions of the pensions of judges of the High Court, derived from the civil service, compared with those appointed direct?—My impression is that they have the option of the pension of a High Court judge, or that allowed under the ordinary superannuation system of the civil service.

4775. That is to say, that if the judge has not been a judge of the High Court sufficiently long to get the pension under the High Court Act, he would fall back upon his pension as judge of the civil service, adding his previous service to his service in the High Court?—Precisely so.

4776. His civil service pension would not be influenced by the amount of his salary, but by the length of his general service?—Only indirectly, and to a certain extent by the amount of his salary.

4777. To what extent has there been any change with regard to the pensions of the civil servants?—For many years the pension has been determined, to a limited extent, by the amount of the individual contributions of the officer to the retiring fund. There has been a recent change; but until lately the amount of the pension was fixed in this way: it was a pension of 600 *l.*, to which was added the amount which could be purchased by the contributions of the officer during his service by a certain table, with a limit that the whole pension could not exceed 1,000 *l.* The effect of this was that in certain instances the pension would but little exceed, after the prescribed term of years, 800 *l.* Therefore, to a limited extent, the pension is determined or affected by the salary, for these contributions consist of a per-centage upon salary.

4778. But still, he must continue to pay a contribution equal to the value of the annuity of 400 *l.* a year; is that so?—That is so.

4779. And that amount of pension is absolute with reference to his contributions and length of service, and does not depend upon the amount of salary which he happens to be receiving at the time that he retires?—That is so.

4780. What is the difference in the period of service that a civilian must serve to get his 600 *l.* pension, as compared with the pension paid to a directly appointed judge?—I cannot state at the moment the full conditions; it varies from seven to 12 years.

4781. You mean that the maximum pension requires 12 years, and the minimum seven?—Yes.

4782. But can the minimum be obtained without exception, or only in case of failure of health preventing the judge from remaining in India?—The minimum is only payable in case of failure of health certified medically.

4783. You can prepare a schedule, showing the cost of each of the High Courts, the number of judges, and the salaries, how many are civilian judges, and how many are direct appointed judges?—Yes.

4784. Could you make out the establishments for each of the several Governments?—Yes.

4785. You will give us the rate of salary, multiplied by the number receiving?—Yes.

4786. That will take us down, I suppose, to the head of the expenditure, which ends with Justices of the Peace in Petty Sessions at Bombay?—Yes.

4787. Going on with the Civil Courts, that will bring us down to the Judicial Commissioner?—Yes.

4788. Will you look more accurately to see how far the system of salaries has been substituted for fees that the officers received on their own account, how much is real increase of expenditure, and how much is only nominal?—I will endeavour to ascertain that.

Tuesday, 30*th April* 1872

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Baring.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler.
Mr. Lyttelton.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, were recalled; and further Examined.

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4789. *Chairman* (to Mr. *Harrison*).] WITH regard to the expenditure in the civil and criminal courts, I think you stated that it had increased from 1,458,000 *l.* in 1856–57 to 2,162,000 *l* in 1870–71, showing an increase of 703,000 *l.*; now will you be good enough to give us some explanation of the cause of this very large increase in the civil and criminal courts; first, you had better proceed with the civil courts, I think?—The charge in the civil courts generally has increased by 228,000 *l.*

4790. How has that increase been brought about?—This occurs throughout the several provinces. In the province of Oude the increase of expenditure has been from 300 *l.* to 6,700 *l.* The present charge under this head is the cost of the court of the civil judge at Lucknow, an office which has been created since the year 1856–57.

4791. Has the administration of justice been placed there on a more regular footing?—That is so.

4792. At that time was it in a transition state?—At the first, the causes which are now taken by the civil judge at Lucknow were in the hands of the District Deputy Commissioner, who in Lucknow was unable to give the attention that the duties of the civil court required. The next is the Central Provinces, which show an apparent reduction from 10,000 *l.* to nothing; but that is owing to changes in the administration. In 1856–57 the judicial establishments in the Saugor and Nerbuddah territories were shown under this head of Civil and Sessions Courts, and at the present time the province is administered like the rest of the districts in the Central Provinces by the Deputy Commissioners, who have both revenue and judicial jurisdiction, and whose pay is divided between the revenue head and the criminal court section of this head; it is merely a different division of the charge.

4793. With regard to British Burmah?—In British Burmah there is also an apparent decrease, which is accounted for in something of the same way.

4794. What is the decrease?—From 46,600 *l.* to 39,900 *l.*; there was in the interval between 1856 and 1870 an increase in the scale of the pay of the Burmah Commission; there was at the same time some reduction in numbers, and very considerable economy in the establishments by the amalgamation of some of the districts; but this apparent decrease is owing to the division of this charge, which is made now into three parts; partly being charged to the account of land revenue, partly to this civil court section of law and justice, and partly to the criminal section, the jurisdiction of the officers being general. I must correct myself; I find that the charges here are divided in halves between the land revenue and the civil and sessions court only, and not as I explained just now.

4795. To proceed to Bengal, what has been the state of the expenditure there?—In Bengal there is a very great change; the expense in 1856–57 was 198,000 *l.*; it is now very nearly 340,000 *l.*, namely, 339,800 *l.*; this represents a very slight, if any, change among the offices which are supplied from the Civil Service, but among the native judicial officers and their establishments there is a very large increase, not so much in numbers as in the rate at which they are now paid. There were, in 1856, 33 subordinate judges; the number has now been increased to 42; but at the same time there were 227 judges of a lower grade, sudder ameens and moonsiffs they are termed; there are now 206; so that in place of 260 there are now 248; it is a reduction in the actual number, but the scale of pay is very different; the pay of the subordinate judges has been raised from an average of 530 *l.* to an average of 885 *l.*, and the pay of the lower grade or moonsiffs from 130 *l.* to 357 *l.*

4796. But how do you make out this very large increase of nearly 140,000 *l.*?—The particulars as to numbers and rates that I have given will account for an increase of charge from 71,000 *l.* to 149,000 *l.*

4797. That is 70,000 *l.*; but there is 140,000 *l.* to be accounted for?—In addition to that there is a new charge of very nearly 50,000 *l.* for the

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service of judicial processes, which was formerly kept out of the accounts.

4798. Do you mean that the parties paid for it themselves by fees or otherwise?—There is some change in the form of payment, but it is not so much that, as that the payments formerly were not brought to the account of revenue, the disbursements being made from a separate fund.

4799. Was the separate fund received from the suitors?—Yes.

4800. Whereas now the receipt from the suitor is paid into the revenue?—Yes, it is paid into the revenue, and salaried court servants are employed to serve the processes.

4801. That is only a nominal increase of the expenditure, then?—Yes, that is only nominal.

4802. What was the object of making this change?—The inadequacy of the pay of the judicial service, in Bengal especially, had long been considered to be a reproach to the Administration. Sir Charles Trevelyan, when bringing forward his financial statement in 1863, referred to this subject in these terms: "The inadequacy of the pay of the subordinate judicial establishments has long been a public scandal, and it is highly to the honour of the respectable class who fill these appointments, that there have not been more instances of malversation. At the same time so many new judicial and magisterial arrangements have been made of late years on different principles, that a recast of the existing establishments, especially in Bengal, is indispensable for the purpose of restoring harmonious action, and the result will be by no means always an increase of expenditure." The concluding words refer more to the police, I apprehend, but it was fully recognised that a large increase was necessary in this particular branch, the pay of the judicial officers. I may explain generally the character of this change. There were, before it was introduced, two grades, the principal sudder ameens, who formed the appellate court within the district; there were of these seven who had a salary of 720 *l.* a year; there were 26 who had a salary of 480 *l.* These have been replaced by 42 officers, whose salary ranges from 720 *l.* to 1,200 *l.* a year. Then taking the sudder ameens and moonsiffs, the subordinate class, there were 27 with a salary of 300 *l.* a year, 56 with a salary of 180 *l.* a year, and 144 who had a salary of 120 *l.* a year. They have been replaced by 206 officers, whose salary ranges from 300 *l.* to 480 *l.*

4803. With regard to the higher local judges under this expenditure, are they classified as European and native in any way, or are they all natives?—I have ascertained the numbers of each class, and I find that of the 42 subordinate judges there are nine Europeans, or persons of European extraction, 24 Hindoos, and eight Mahommedans, and there was one vacancy.

4804. Mr. *Dickinson*.] Of the moonsiffs?—No, it is the class above the moonsiffs; they are called now subordinate judges; they were formerly known as principal sudder ameens.

4805. Will you translate the phrase "principal sudder ameen"?—An ameen, I apprehend, is, from the etymology of the word, a person to whom a trust is committed: a commissioner.

4806. I mean what we in ordinary English should translate it to?—I do not suppose that we can translate it better than "subordinate judge," which is the present appellation of the office.

4807. "Sudder" means "principal," does it not?—Or "central," we use it in both ways; as principal in importance or central in position; and I think that is the meaning of it in this instance; it is the ameen at the central district station.

4808. Then he is a subordinate judge?—Yes.

4809. Subordinate to the sessions judge?—To the European officer, the civil and sessions judge.

4810. *Chairman*.] But are all the grades filled indiscriminately by the Europeans and natives?—That is so.

4811. Are any of the Europeans members of the permanent civil service, or do they belong to the uncovenanted service?—These are the uncovenanted service. Among the lower grade of moonsiffs they are almost entirely natives; out of the 206 that I have mentioned, I find only one is an European or Christian, and 170 are Hindoos, 35 being Mahommedans.

4812. And in the first or highest grade how many are Europeans and how many Asiatics?—They are all Asiatics in the highest or first grade of moonsiffs.

4813. I mean of the subordinate judges?—There are four Europeans in the first grade, three Hindoos, and no Mahommedans.

4814. And in the second grade how many Europeans?—In the second grade there are 10 in all, the numbers being one European and nine Hindoos and Mahommedans.

4815. And in the third grade?—In the third grade there are four Europeans and five Hindoos and Mahommedans; there is one vacancy, 10 being the complement.

4816. And in the fourth grade?—In the fourth grade the full number is 15, of which the whole are Hindoos and Mahommedans.

4817. Are these officers appointed direct to any of the grades, or do they all enter the lowest, the fourth grade?—I believe that in almost all cases they are promoted from the rank of moonsiffs.

4818. But direct to the fourth grade, and so ascending, or from any grade to the highest?—As a rule, they certainly pass through the grades regularly.

4819. By selection?—By selection, not by seniority.

4820. Whether they are Europeans or natives they are all paid the same salary?—Quite so.

4821. Mr. *Fawcett*.] Your figures show, do they not, that as the grade increases the number of Europeans increases, and the number of natives diminishes?—That is the case in regard to the subordinate judges; but I think that on examination we should find this to be the case, that the more recent appointments are natives, and the Europeans at the head of the list are rather those who have been many years in this branch of the service, and before its reformation, before it was placed on its present footing.

4822. But could you give any statistics to justify that opinion; taking the appointments in the last five years of the highest grades of judges, could you prove that there had been more natives appointed than Europeans?—I find that of the four Europeans in the highest grade there is no appointment more recent than 1866. The Return that I am quoting from is to January last, and there is no appointment within the last six years. There appears, in fact, to have been

only

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only one appointment to the grade since that time, and that was a native of India, a Hindoo.

4823. Still an exceptional thing like that would not prove the theory that there was a greater tendency now to appoint natives to the higher grades, would it?—In the second grade there is but one European; that is the most recent appointment; that is the only one; one out of 10.

4824. Sir *C. Wingfield.*] I think that a Despatch was issued by Sir Stafford Northcote, when he was Secretary of State, laying down the rule that these appointments should be given to natives, that the claim of the natives was much greater than that of Europeans?—All the admissions to the fourth grade of this class, made in the years 1870 and 1871, are of natives; you might say the same of the year 1860, in which there are several admissions. There is the case of the advancing of one European from the third to the second grade, made in the last year; but all the other admissions appear to be natives.

4825. Mr. *Fawcett.*] Now in the lowest grade, the fourth grade, they are all natives; but does the fact that they are all natives give the natives any security that, after they have served in this lowest grade for some years, they will not find Europeans suddenly placed over their heads in the upper grades?—With one or two special exceptions, all the Europeans who now head this list have been for very many years in the judicial service. The senior officer of all was first appointed to the judicial service in 1841, 31 years ago; the next one in the year 1842.

4826. But that is not an answer to my question; what I want to get at is this: did these Europeans pass up from this lowest grade to the higher grades; if not, if natives are to pass up and Europeans can begin with a higher grade, the natives are placed in a position of great inferiority, are they not?—It appears to be the case that those who are now at the head of the list have not been rapidly advanced.

4827. It is not a question of relative rapidity; but have all the Europeans who are in the first and second, and third grades, now passed up from the lowest grade?—But the constitution of the judicial department, I began by stating, was perfectly different even at the time, 1856, to which my comparisons have been limited.

4828. But with that change has any security of this kind been given to the natives; they now see themselves in this position, that natives, and none but natives, occupy the lowest grade, the fourth grade; what security, or has any security been given to them that, after they have been compelled to enter the lowest grade, they will not see Europeans placed in over their heads to occupy places in the first, second, and third grades; and, if that is the case, the natives will evidently be treated with great inequality, will they not?—I think that those classes of natives who are interested in this question understand, at the present time, that it is no part of the policy or intention of Government to introduce Europeans.

4829. But what I want to get at is the positive fact; suppose a native was to make an application to me, saying, "I am going into this lowest grade; what security have I that I shall not see the places to which I have a right to look forward in the higher grades suddenly occupied by Europeans who have never passed through the lowest grade;" what official memorandum could I point him to, to convince him that there is no such danger?—I am not aware of the existence of any pledge.

4830. *Chairman.*] Can you tell us what number of superior officers are employed for the administration of justice in Bengal?—There are 26 civil and sessions judges, and four additional judges with salaries of 3,000 *l.* each.

4831. Mr. *Fawcett.*] How many of those are Europeans, and how many are natives?—Those all belong to the covenanted Civil Service.

4832. Then no man, unless he belongs to the covenanted Civil Service, can get one of these high judicial appointments?—No, the Act of Parliament regulating appointments to the Indian Civil Service has reserved these appointments to members of that service.

4833. Therefore, considering the difficulties which are placed in the way of the natives obtaining admission into the covenanted Civil Service, your judicial system is arranged in this way, that the natives are freely admitted to the lower judicial offices, and what amounts to an absolute bar is placed against their obtaining any of the higher appointments?—The highest judicial appointments of all are within their reach.

4834. I refer to these 30 appointments of which you have just spoken?—These 30 are confined to the Civil Service.

4835. And a barrier which has almost amounted to absolute exclusion has cut the natives off from the Covenanted Civil Service, has it not?—There is more than one native in the Civil Service at the present time.

4836. More than one out of how many?—About 1,000. The number of natives of India in the Civil Service I do not remember at the moment.

4837. Is it as many as six?—There may be six.

4838. Then at the utmost there are six out of 1,000?—It will be so.

4839. Mr. *Dickinson.*] Is this a correct statement of the judicial establishment in Bengal: 13 high court judges, 26 civil and sessions, four additional, with salaries of 3,000 *l.* each for those 30; in the subordinate judges, four grades, first seven of whom four are Europeans, and three natives; the second 10, one European and nine natives; the third 10, four Europeans, five natives, and one vacant; the fourth 15, all natives, and 206 moonsiffs?—Yes; 206 is the full scale; there are some vacancies there, I think.

4840. The moonsiffs are all natives, I think?—All but one; there is one European in the second grade; there are three grades of moonsiffs.

4841. *Chairman.*] Are there no assistant judges under the district judges, no judges intermediate between the judges at 3,000 *l.* a year and the subordinate judges?—There are judges for local purposes, the small cause court judges; that is a different thing.

4842. Sir *D. Wedderburn.*] With regard to the difference of grades, does that merely involve higher pay and position, or does it involve a higher degree of jurisdiction?—No, only indirectly; those of the higher grade, I think, are in several cases vested with additional or special powers.

4843. But the higher grades are not courts of appeal from the lower grades?—The subordinate judges of all four grades are empowered in some cases to hear appeals from the moonsiffs.

4844. But

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4844. But not from one another?—No, not from one another.

4845. Mr. *Fawcett.*] The moonsiffs are what would be called in France, judges of first instance, are they not? — That is so, in civil causes.

4846. Then the great mass of civil justice affecting the general body of the people is administered by these moonsiffs?—That is so.

4847. What is the average pay of the moonsiffs?—£. 357 a year.

4848. So that judicial appointments which involve 3,000 *l.* a year, not a single native occupies; and judicial appointments which are held at the rate of 350 *l.* a year, are entirely filled by natives; that is the fact, is it not?—That is so.

4849. Do not you think that it must produce a great feeling of inequality throughout the country, and being unfairly treated?—I think there is a great balance to that in the opening of the high court to native judges.

4850. How many native judges are there in the high court? — Either one or two; one, I think, at the present time.

4851. Out of how many?—Thirteen.

4852. So that you think that the opening of the higher court, which opening produces this practical effect, that one appointment out of 14 is filled by a native, is considered by the native mind sufficient to remove the sense of inequality which I just pointed out; is that the opinion which you wish to convey?—I think that the opening of the seat on the high court has been highly valued by the natives.

4853. Then you would think, according to that, that they were easily satisfied people?—I think they are.

4854. *Chairman.*] The policy of appointing natives judges of the higher court would seem to have the reverse effect, because if the native is fit to sit in the highest court of appeal, he must be fit to serve in a lower court of appeal; as far as the native therefore is concerned would it not only tend to produce discontent?—There is this difference, that the judges of the highest court of appeal do not sit alone, and do not exercise that extra-judicial supervision over subordinates which rests with the district judge.

4855. Then the maintenance of the exclusive character of the subordinate judges must be referred to the whole system upon which the British administer the Government of India, rather than to any question of native and European, must it not?—Quite so.

4856. Mr. *Fawcett.*] But the moonsiffs sit alone, do they not?—Yes.

4857. Then how does that tally with the answer which you have just given to the Chairman?—There is an appeal from every decision of a moonsiff, except when exercising the jurisdiction which he has under the Small Cause Court Act.

4858. But there is an appeal also from the decision of these judges, the 30 to whom you just now referred who receive salaries of 3,000 *l.* a year, not one of which a native is allowed to enjoy?—That is true.

4859. If that is so, and if the only reason why a native can be appointed to the highest court of appeal is that he does not sit there alone, why does not that apply to the 30 appointments?—I did not assign that as the only reason, but as marking a difference which seemed to destroy the parallel.

4860. But I do not think it destroys the parallel at all, does it? A moonsiff sits alone, and from his decision there is an appeal; one of these sessions judges sits alone, and from his decision there is an appeal; therefore they are in an analogous position; to the extent which you have pointed out as indicating a difference, they are in the same position, are they not?—They are, so far.

4861. Therefore there is no force in the point which you have put before us?—Perhaps not.

4862. *Chairman.*] Does not the exclusion apply equally to native and European in India; the condition is that a man must be a member of the covenanted Civil Service?—That is so.

4863. All other persons, whether native or European, are equally excluded?—Yes.

4864. And that system is maintained as being necessary to maintain the organization of British rule in India?—That is so.

4865. Having been made absolute by Parliament?—That is so.

4866. Mr. *Fawcett.*] But that does not quite correctly represent the case, does it; because lately, in consequence of the Government withdrawing the money which used to be devoted to enable natives to come to England who were anxious to obtain admittance into the Civil Service, natives have been deterred from entering the Civil Service, although there is an Act which enables the Governor General in Council to admit natives direct?—That is so.

4867. If a governor general likes he could admit natives to the covenanted Civil Service direct from India?—I understand that this subject is under the consideration of the Government in India.

4868. Still an Act was passed?—Yes.

4869. And has never been acted on?—I have no information about that.

4870. Sir *C. Wingfield.*] Has there not been a plan under consideration for re-organizing the judicial service, and appointing natives to be district judges?—The question has been under consideration at different times for many years.

4871. Quite recently, within the last year or two, I mean?—It may be so; I have not information as to that.

4872. Mr. *Dickinson.*] In addition to these judges there are, I think, five County Court judges, Small Cause judges, in the Presidency?—There are five in Calcutta in the local court, and one in the mofussil.

4873. What are their salaries?—The salary of the first judge of the Calcutta Small Cause Court is 2,880 *l.*, that of the second 1,800 *l.*, there are two on a salary of 1,200 *l.*; the clerk of the court, whose salary is 960 *l.*, officiates as a fifth judge.

4874. Sir *D. Wedderburn.*] Are those Europeans or natives?—There is one native among them, and three are barristers, members of the English bar.

4875. Mr. *Dickinson.*] What is the salary of the mofussil judge?—He is from the Civil Service, his salary is 1,800 *l.*

4876. Mr. *Fawcett.*] Could you, before the next meeting of the Committee, furnish in a short statement the aggregate number of judicial appointments in India, giving only the totals, the number that are held by Europeans, and the number that are held by natives, and the aggregate amount that is paid to Europeans, and the aggregate amount that is paid to the natives?—I can give that information only as regards Bengal, having a nominal list at hand. I will, if possible, give it for the whole of India.

4877. I suppose that Bengal would be typical for the rest of India, and you could make an estimate for the rest?—That would be hardly satisfactory.

4878. If you cannot bring it for Madras and Bombay, will you bring it for Bengal?—Speaking of Bengal, I meant the lower provinces of Bengal. I am not sure that it would be available for the North Western Provinces.

4879. I mean the total?—There is no difficulty in regard to the numbers, and the grade or rate of pay; but as to the question of native or European, I am not sure for the moment.

4880. *Chairman.*] Now we will go to the North Western Provinces. What has been the increase in the expenditure there under this head?—In the North Western Provinces there has been an increase, after deducting the new charge for service of processes, of nearly 30,000 *l.*

4881. Will you first give us the whole increase?—From 108,000 *l.* to 163,000 *l.*

4882. Then the difference is made up by charging the process to the expenditure for law and justice, and placing the receipts from the suitor to the credit of the income?—That is so. Out of this 30,000 *l.* I find that 3,500 *l* is for official postage. A further increase seems due to a head clerk having been assigned to each judge to relieve the judge of minor details of court duty; the remainder of the increase is entirely in the native judges and their establishments.

4883. Has the system then been re-arranged in the North Western Provinces in the same manner as in Bengal?—Not, I think, in the same manner or on the same principles, but there has been some addition to the expense.

4884. What has been the change in the Punjab from 1856–57 to 1870–71?—In 1856 the amount in these accounts was 9,000 *l.*, and in 1870–71, 4,750 *l.*; but there is no real comparison between the two. Since 1856 the districts of the Delhi division have been joined to the Punjab; and therefore for the purpose of this comparison, the courts of those districts have been put into the accounts for 1856–57, and that represents the 9,000 *l.* in that year. In 1870–71 the charge is for two additional judges, who are deputed to any districts when there is an unusual pressure of work.

4885. What has been the change in Madras?—In Madras there is an increase from 147,000 *l.* to 153,000 *l.*, the apparent increase being 6,000 *l.*; but in the latter year there is a charge included for the serving of processes of more than 11,000 *l.*, so that there is a real decrease of about 6,000 *l.* in Madras. This has been occasioned by the reduction of the class of subordinate judges, sub-judges as they are termed at Madras, who were from the Civil Service; they have been replaced by native judges.

4886. What change has taken place in Bombay?—In Bombay there is an increase from 97,000 *l.* to 137,000 *l.*

4887. How has that been brought about?—There has been, in the first place, a considerable increase in the number of courts; there were 13 courts in 1856; there are now 19. Then that question of official postage accounts for 4,000 *l.* And there has been an increase in the pay of native judges; the salary of the moonsiffs used to be, in Bombay, 144 rupees monthly; the pay of the superior grade of sudder ameen was 336 rupees monthly; they are now both termed subordinate judges, the pay being increased to 200 and 400 rupees monthly; the pay of their establishments has also been increased.

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4888. That exhibits the whole increase that you have described of the civil and sessions courts, except the small cause courts?—Yes.

4889. It would be convenient to dispose of the small cause courts now; you have mentioned that there was an increase in the small cause court in Bengal; has the system of small cause courts been largely extended in India since 1856?—It has in Bengal, the jurisdiction having been generally assigned to the moonsiff; I speak of the district courts. The small cause court in Calcutta is considered to be repaid by the fees charged to suitors.

4890. But has there been an increase of expenditure on this account since 1856–57 throughout India?—There has been an increase from 25,000 *l.* to 107,000 *l.*

4891. And have they been established in the country to some extent as well as in presidency towns?—Very generally, at a great number of important points; there has been legislation regulating their jurisdiction and procedure.

4892. Can you give the chief expenditure, and say what it has increased to in Madras and Bombay?—In Madras the whole expense in 1856–57 was 7,391 *l.*, and the corresponding expenditure for the court at Madras has now increased to 7,984 *l.*, an increase of about 600 *l.*; and at the same time new district small cause courts have been created, costing 14,600 *l.* In Bombay the increase in the cost of the presidency court is about 10,000 *l.*, from 6,400 *l.* to 16,800 *l.*; and the district courts that have been created cost 11,000 *l.*

4893. Can you explain that enormous increase in the cost of the court of Bombay?—In 1856–57 there were three judges, whose united salary was 3,600 *l.*; there are now four, on a scale which costs 6,900 *l.*; there is an increase of 3,000 *l.* there. The establishment in earlier years cost 2,800 *l.*; it is now estimated to cost 7,800 *l.*, an increase of 5,000 *l.* on the establishment.

4894. Can you explain the causes of that large increase since 1856–57; has the jurisdiction been altered, do you know?—There has been some increase in the jurisdiction, but I have not adequate information with regard to the character of the increase under the establishments.

4895. Can you measure it by the extent of the receipts of fees?—I am unable to distinguish the receipts for the small cause court.

4896. I think it might be convenient that we should now get the receipts from the fees; I suppose the receipts are all in the civil department, and not in the criminal; can you give a summary of the increase of the receipts from fees in the courts from 1856–57 to 1870–71?—The court fees in 1856 amounted to 56,600 *l.* in cash, and there was realised in stamps 285,690 *l.*

4897. That would make a total of 342,000 *l.*?—Yes.

4898. What were the receipts in 1870–71?—In 1870–71 there was realised in cash 170,687 *l.*, and by stamps 1,633,000 *l.*

4899. Making a total of 1,802,000 *l.*?—Yes.

4900. But I believe the whole increase in

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court fees for that period is 1,461,000 *l.*?—That is so.

4901. Then the increase in the receipt from the fees has been somewhat greater than the increase of expenditure?—That is so.

4902. By about 200,000 *l.*?—Yes.

4903. Can you give us any explanation of the expenditure in the criminal courts during the same period?—In the criminal courts there has been an increase, taken generally, of 271,400 *l.*

4904. What has it increased from?—It increased, on the whole, from 568,600 *l.* to 840,000 *l.*

4905. Can you state in what provinces that increase has occurred?—Under the general government of India there is an increase from 300 *l.* to 3,500 *l.*; that represents the appointment of cantonment magistrates, officers having magisterial jurisdiction within military cantonments; the increase in Oude is from 28,700 *l.* to 48,700 *l.*, an increase of 20,000 *l.*

4906. What is that due to?—That is partly due to a cause which I had to explain under the land revenue in Oude, the imperfection of the records of the expenditure for the year 1856-57, owing to the destruction of the records throughout a great part of that province, so that although 28,700 *l.* is the recorded expenditure, the actual was higher. I attribute about 10,000 *l.* to that, the actual increase being probably about 10,000 *l.*; out of that 10,000 *l.* a sum of 4,000 *l.* arises from the increase of salaries to the deputy commissioners and their assistants, to which I referred under the land revenue; then there is an increase of charge for cantonment magistrates, and the city magistrate of Lucknow, of 3,500 *l.*, and 2,300 *l.* is for the official postage.

4907. What has it been in the Central Provinces?—In the Central Provinces there has been an increase of 40,000 *l.*

4908. How has that arisen?—That is partly due to the inclusion in this account, as I have explained under the head of civil courts, of the expense of the courts in the Saugor and Nerbuddah districts, and this accounts for about 10,000 *l.*

4909. Has there been any increase in the salaries?—The salaries at the same time have increased from 21,900 *l.* to 30,700 *l.*, an increase of between 8,000 *l.* and 9,000 *l.*; out of this increase of between 8,000 *l.* and 9,000 *l.*, 3,700 *l.* is owing to the appointment of cantonment magistrates in this province; the remainder represents an increase in the scale of pay of the officers of the commission.

4910. Is that scale revised to bring it to the same standard with other provinces, or what has been the cause of increase?—The increase was made on general grounds in 1866 in Oude, the Central Provinces, the Punjab and Burmah, on the same general principles, though they seem to have been somewhat differently applied; the increase was less in the Central Provinces than in the case of Oude.

4911. Were these offices at any time held by military officers?—Partly.

4912. Are they now held by civilians?—The proportion of civilians is greater now; I think there are still some military officers holding them.

4913. Do you know how many offices in the Central Provinces are set apart for the covenanted Civil Service?—None, I think, by the Act of Parliament.

4914. Will you go on to the next province, Burmah?—In Burmah there is a considerable amount of reduction of charge, from 15,000 *l.* to 6,900 *l.*

4915. How is that accounted for?—A good deal of this really belongs to the establishment of the deputy commissioners, the difference in the distribution of the charge.

4916. Do you mean that the deputy commissioners were abolished?—No; but in Burmah their salary is charged to the civil instead of the criminal courts section. The charge that remains of 6,900 *l.* represents the expense of the town magistrates at the principal towns of Rangoon, Akyab, and Moulmein. There is, in fact, a real increase, being the amount of the salary of the cantonment magistrate at Rangoon. In Bengal, the next province, there is an increase from 141,000 *l.* to 192,600 *l.*, an increase of over 50,000 *l.*

4917. How does that arise?—In taking the amount put down for salaries and establishments together, there is an increase from 123,700 *l.* in 1856-57, to 166,600 *l.* in 1870-71; an increase of about 43,000 *l.* This is in part apparent, owing to the fusion of the offices of collector and magistrate, to which I had occasion to refer under the land revenue. In each district of Bengal there were two independent officers; independent that is of one another; the collector, whose salary was 2,300 *l.*, and the magistrate, whose salary was 1,080 *l.* The magistrate has now been made subordinate to the collector, who is styled magistrate and collector, and half of the combined salaries is charged to this account, making an increase of about 450 *l.* under this head for each district.

4918. Would that explain the whole increase?—That will account for about 22,000 *l.* of the increase.

4919. How is the remainder made up?—The remainder consists of real increases. There is an increase in the number of deputy collectors and deputy magistrates, several having been appointed to places of some importance in each district, the effect being to bring the magistrate nearer to the people.

4920. How much does that amount to?—That appears to account for about 24,600 *l.*

4921. Has there been any other increase?—There is an increase of charge of 9,600 *l.* for official postage.

4922. That is from the system of charging each branch of the service with postage?—Yes.

4923. What has been the increase in the North Western Provinces?—In the North Western Provinces there is an apparent increase from 98,000 *l.* to 128,000 *l.*

4924. What does that arise from?—If I take the salaries and establishments together, I find that in 1856-57 the charge was 90,000 *l.*, and in 1870-71 it was 99,700 *l.* Out of this, 10,700 *l.* is for the new charge of cantonment magistrates; so that, allowing for this new charge, there is, on the salaries and establishments, some reduction of charge. This has no real significance; it seems to be a mere fluctuation, which is very little more than 1 per cent. in amount. On the other hand there is some increase in the contingent expenses. In 1856-57, the amount of contingent expenditure was 7,800 *l.*, in the past year it was 28,500 *l.*; but out of this a sum of rather more than 20,000 *l.* was for official

official postage, leaving the actual contingent expenses very much what they were before. In short, there has been a very slight change in the North-Western Provinces, if we set aside the creation of the cantonment magistrates.

4925. Then going to the Punjab, what has been the increase there?—In the Punjab, the charge has increased from 78,000 *l.* to 140,000 *l.* In the items of salaries and establishments, there is an increase of 33,600 *l.*, out of which 9,600 *l.* is for cantonment magistrates. Then I account for 5,000 *l.* more from the different allocation of the charge.

4926. Do you mean between the other departments?—Yes, that refers to the division of the salaries of the extra assistants. In 1856–57 the pay of extra assistants was divided between land revenue and this head in the proportion of 16,000 *l.* to the one, and 6,000 *l.* to this, out of 22,000 *l.* Now that is divided equally; the 22,000 *l.* is charged in halves, making the charge to this account about 11,000 *l.* instead of 6,000 *l.*

4927. What is the other head of increase?—There is a sum of about 10,000 *l* remaining to be accounted for, which I refer to two causes. There is a general increase in the scale of the pay of the officers of this commission, and also there is the fact that of those who are military officers, the whole salary is now borne on this part of the account, whereas formerly the military pay was in the Military Estimates.

4928. Now it is a consolidated civil pay?—Yes.

4929. Then in Madras has there been an increase?—In Madras there has been an increase from 76,700 *l.* to 98,000 *l.*

4930. What has that arisen from?—There is an increase under the head of salaries of about 12,500 *l.* Out of this rather more than 5,000 *l.* is for cantonment magistrates, and about 500 *l.* for subordinate magistrates.

4931. How has the rest of the increase been made up?—There is a sum of about 3,600 *l.*, which is to be accounted for in this way, that in the Madras Presidency a number of officers who were formerly borne upon the establishment of the magistrate, have been invested with magisterial powers, and now appear as deputy magistrates. There remains about 3,000 *l.*, which is due to an increase in the number of assistant magistrates chargeable to the account of the year, as explained under the head of land revenue. There has been a decrease in the account of establishments from 48,000 *l.* to 44,000 *l.*, that is part of the transfer that I spoke of just now. There was a general revision of the district establishments throughout the Madras Presidency a very few years ago, which, though it did not affect the general result very largely, has made great differences throughout the scale.

4932. Have the contingencies also swelled up here?—There has been a considerable increase in the contingencies, from 7,000 *l.* to 20,000 *l.*

4933. How has that increase arisen?—Over 4,000 *l*, about 4,500 *l.*, is due to the inclusion of official postage; the rest I have not precisely traced, but it appears to be partly due to the additional offices created.

4934. What has been the increase in Bombay?—In Bombay there is an increase from 106,000 *l.* to 157,000 *l.*, about 51,000 *l.*

4935. How has that arisen?—About 16,000 *l.* apparently is due to the increase in the number of the junior civil servants and deputy collectors.

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4936. The deputy collectors act as magistrates, and a part of their salary is charged under this account?—That is so Then there is 7,300 *l.* for cantonment magistrates, and 1,300 *l.* the pay of a railway magistrate, an officer who has a concurrent jurisdiction with the district magistrates on the line of railway; and there is 21,500 *l.* for official postage again. Then there is also a payment made under this head at Bombay to officers of other Presidencies embarking on leave to England from Bombay. That very nearly makes up the total increase.

4937. What is that new system of cantonment magistrates which appears in all these accounts?—The number has been considerably increased, but there were in the larger cantonments officers having this designation before, having certain powers, but as the charge was then a military one they had very small jurisdiction; the jurisdiction of a cantonment magistrate I think has been somewhat enlarged.

4938. Are they now all civilians?—No, certainly not, as a rule; they are, indeed, I think, in every case military men.

4939. And their salaries are charged to the civil expenditure?—That is so.

4940. Why has this increase become necessary for the cantonment magistrates?—I do not think I can give the reason.

4941. Sir *C. Wingfield.*] The total cost in Bombay and Sinde under this head is 520,000 *l.* as against 430,000 *l.* in Madras; whereas both the population and the revenue of the Madras Presidency are very much larger than those of Bombay and Sinde; can you give any idea of the reason why this expenditure should be so much in excess in Bombay, because it is much the same system of Government as in Madras. The land revenue again in Bombay is 3,595,000 *l.*, and in Madras 4,397,000 *l*; can you give any general idea of the cause of this greatly enhanced cost in the corresponding charges in Bombay and Madras, it is 90,000 *l.* in excess, and it runs through everything?—I do not think I can throw any light upon it.

4942. Mr. *Fawcett.*] Do you know whether the fact that Bombay seems to be much more extravagantly administered than Madras, in regard to everything, has ever attracted the attention of the Government of India?—I think that the Government has been perfectly alive to and aware of the difference in the cost

4943. Do you know whether they ever directed any inquiries on the point, or issued any minutes or despatches with reference to it?—No, I do not know.

4944. But you believe that it has engaged their attention?—I believe so.

4945. Mr. *Beach.*] Do you attribute it to Bombay being brought nearer the action of England?—No, I think not.

4946. *Chairman.*] Do you ascribe it to the state of greater commercial activity in Bombay as compared with Madras?—As far as the difference in cost is due to the increased price of living that has been assigned as a cause for additional expense; and perhaps this head of account does offer a useful comparison in that particular, and it is in the cost of the diet of prisoners in gaols. Now, at Bombay, the cost, so far as I can infer it from the accounts, is double that of any other province, although I am aware that

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that the subject in Bombay has attracted considerable attention, and that it has been considered that the scale of dietary allowed to the gaols there is the lowest compatible with proper consideration for the health of the prisoners.

4947. Mr. *Dickinson.*] Can you inform me whether there is any qualification for judicial appointment, either for uncovenanted Europeans or for natives?—Perhaps it will be more satisfactory if I make inquiry before replying. I think there are certain conditions, but I do not think that they are the same in each Presidency.

4948. And can you say whether the judicial officers of one Presidency are confined to that Presidency, or may be passed on to another?—They are, as a rule, confined to one Presidency.

4949. Sir *C. Wingfield.*] They are confined not merely to the Presidency but to the province?—Yes.

4950. Mr. *B. Denison.*] There has been no system of revision of the salaries since Mr. Rickett's Commission of 1856, has there?—Not of the salaries for appointments in the Civil Service.

4951. I think at that time, if I remember right, it was the case that the scale of salary, owing to the cost of living, was greater throughout the whole of the Bombay Presidency than elsewhere?—Yes.

4952. Is it not the fact that the Bombay Sepoys are paid a higher rate than others?—Yes, that is so.

4953. That would, of course, not account for the whole of the discrepancy, but we may take it as a general fact that the scale of remuneration is higher in Bombay than it is in the other Presidencies?—Yes.

4954. You referred, a short while ago, to the system of receipts from fees; will you tell the Committee in what courts of the country money fees, as a rule, are prevalent now as distinguished from stamp fees; is it confined to Presidency courts?—No, I think it depends upon the purposes. The institution fee is always paid by a stamp, but the fees which are required to be deposited for the attendance of witnesses are ordinarily paid in cash.

4955. Can you tell us whether the cost of the present High Courts is more or less than the separate cost of the old Supreme Court and Sudder Court?—It is more.

4956. Do you mean that it is more absolutely, without reference to any receipts from fees?—It is more absolutely.

4957. You said that in Bengal the magistrates are made subordinate to the collectors; are the collectors charged with any magisterial duties now, the same as in the North Western Provinces?—Yes; their position has been assimilated to that of the collectors in the North Western Provinces.

4958. As regards the cantonment military magistrates, is there not one in every cantonment where there is a brigadier commanding with any European troops?—I think there is.

4959. Sir *D. Wedderburn.*] Under this head of "Law and Justice," there appears to be a considerable increase in expenditure of late years, owing to the creation of certain offices, such as those of cantonment magistrates; will any corresponding reduction appear under some other head, owing to the creation of these offices?—No, I think not.

4960. There will be no relief in the military expenditure, for example, owing to the creation of these cantonment officers?—There is a slight relief in the Military Estimates, in consequence of the cantonment magistrates.

4961. In the charge for postage, however, the increase is apparent rather than real?—That is an apparent increase.

4962. *Chairman.*] We will now go to the gaols; what has been the increase of expenditure in the gaols from 1856-57 to 1870-71?—The expense in the gaols is divided into five principal heads; and it is more convenient, perhaps, to take those heads separately than together. The expenditure on the inspection and general superintendence of the gaols has increased from 18,900 *l.* in 1856-57 to 26,800 *l.* in 1870-71. There has been an increase amounting to 7,900 *l.*

4963. Has that increase been general throughout the different provinces, or has it been confined to any particular province?—If I take this by provinces, in Oude there is a reduction. The appointment of Inspector General of Prisons having been done away with in the year 1867, the duty is now assigned to the sanitary commissioner in that province. Then in the Central Provinces there is altogether an increase of 5,200 *l*, being the salary and expenses connected with the office of Inspector General of Gaols. In Burmah there is an increase of 1,800 *l.*, being the salary, establishment, and expenses of the Inspector General of Gaols; an appointment which has been created since 1856. In Bengal the expense of this department has increased from 4,000 *l.* in 1856 to 4,800 *l.*, an increase of 800 *l.*; there has here been an increase in the establishment of about 600 *l.* In the North Western Provinces there is a reduction of charge. In 1856 the amount was 4,800 *l.*; it is now 4,200 *l.* The pay of the inspector general was reduced in the year 1859, and it has indeed been lately again reduced. The salary at the present time is 1,800 *l.* a year in the place of 2,000 *l.* In the Punjab there is an increase from 1,500 *l.* to a little less than 3,000 *l.* This occurs throughout. The charge of the inspector general there has been increased, with the addition to this province of the districts of the Delhi division, which were added to the Punjab after the events of 1857; the appointment has been placed on a somewhat higher footing as regards the salary of the inspector general, and that has involved an increase of the clerical establishment to the extent of about 500 *l.* a year; and the travelling expenses have increased by about 200 *l.*, and the postage about 200 *l.* more. At Madras there is a reduction from 4,000 *l.* to 3,500 *l.*; that is in the pay of the inspector general. In 1856-57 the pay was 3,000 *l.* a year; it is now 2,000 *l.* At Bombay there is an increase from 3,600 *l.* to 3,800 *l.*, an increase of 200 *l.* The salary of the inspector general has been reduced here, but this is balanced by the payment under this head of official postage, 300 *l.*

4964. Can you explain why the charge in the Central Provinces is so high as compared with all the other provinces?—In the Central Provinces there are three central gaols; there is, besides, at Jubbulpore, an institution which was in existence before the establishment of the Central Provinces, for the education and reformation of the tribe of Thugs.

4965. Is there not in the next item an entry of "Central Gaol"?—Yes.

4966. What central gaol is that as compared with the central gaols in the Central Provinces?—This head of inspection includes the superintendence of the Jubbulpore Gaol as well as that of Nagpore.

4967. We had better go at once to the next head of expenditure for the gaols?—The next head is that of Central Gaols and Houses of Correction. The charge in 1856-57 was 38,900 *l.*: it is now nearly 121,400 *l.*

4968. Is that exclusive of the central gaol that you have just spoken of, in the Central Provinces?—No, it includes that; I assign that as a cause for the additional expense of inspection and superintendence in the Central Provinces.

4969. Are you now speaking of the expense not of inspection, but of keeping up the gaols?—My statement requires correction. The high charge for inspection is due to an excessive charge for official postage, amounting to 3,000 *l.* The expense of the Jubbulpore Gaol has been entirely included under the head of district gaols; and in the Central Provinces we have no charge for central gaol, notwithstanding the existence in that province of three central gaols.

4970. For the other provinces we understand that the sum of 121,000 *l.* is the expense of maintaining the central gaols altogether?—That is so; it occurs in Oude, Bengal, the North Western Provinces, the Punjab, Madras, and Bombay.

4971. Where has been the principal increase which you have described?—In Oude the charge at present is 5,800 *l.*, to which there was nothing corresponding in 1856-57; in Bengal the charge in 1856-57 was 7,700 *l.*, it is now 18,300 *l.*

4972. Can you explain how that has increased so much?—There is, first the increase in the superintendence of the central gaols; the salary of the superintendent is a new creation since 1856, the expense being 2,600 *l.* Then this is balanced by a reduction to the extent of about 700 *l.* in the establishment, the superintendent having been put on a superior footing. The expense of rationing the prisoners has been doubled from 3,000 *l.* to 6,000 *l.* The account of the later year includes a sum very little short of 5,000 *l.*, being the expense attending the detachment of convicts on out-door labour, and the execution of irrigation works.

4973. Mr. *Faucett.*] That increase of rations arises, I presume, not so much from keeping the prisoners better, as from the rise in the price of food and other articles?—I think some part of it is attributable to that cause.

4974. It is a question of the highest importance bearing on the general financial position of India; have you made any estimate or can you form any estimate of what portion has arisen from the increase in prices?—The difficulty which I have found has been the very great variation observable in the cost of rationing the prisoners. For example, in the accounts of 1870-71, in the North Western Provinces the expense of rationing the prisoners seems to be about 19 rupees a head; in the previous year, 1869-70, it was about 28 rupees a head.

4975. Mr. *Cave.*] For what period?—For the year. The difference is attributed entirely to the change in the price of provisions. Of course the year 1869, over a considerable portion of the North Western Provinces, was a famine year, and famine prices no doubt had to be paid; but still there is a very great difference. In Bombay the expense of rationing the prisoners is stated by the inspector general to be about 40 rupees a head, but it appears to me to be even larger; probably it is more than 40 rupees.

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4976. Mr. *Fawcett.*] But then the point I want to get at is this. this increase of rations is undoubtedly due in part, if not entirely, to the general increase of prices in India?—No doubt.

4977. Then, will not that same cause affect the expenditure of the Government of India generally; it must, must it not, sooner or later?—No doubt.

4978. And if it affects it, it must affect it in a much greater degree than it affects the revenue, because the revenue to a great extent is a fixed pecuniary amount?—I do not know that that is true. As far as the revenue is fixed that is no doubt true.

4979. And of course if there should be a very considerable rise in prices, bearing in mind what I have just said, it would inevitably make the financial position of India more unsatisfactory, would it not?—Yes.

4980. That rise in prices during the last few years has been continuous, has it not?—No.

4981. Taking periods, for instance, of five years?—I instanced just now a large reduction in the North Western Provinces between two consecutive years.

4982. That was simply an exceptional case of famine; that did not apply to the whole of India; but there is no doubt, is there, that taking the whole of India, the prices were higher in 1860 than they were in 1855, higher in 1865 than in 1860, and higher in 1870 than in 1865?—I think it may be so.

4983. Therefore I am correct in saying that, although there may have been exceptional local variations and disturbances, there has been, looking at India as a whole, a steady increase of prices?—I think there has been a general tendency to a rise in prices.

4984. *Chairman.*] Did you give us the whole of the explanation of the additional expenditure in Bengal on the gaols?—I think I have mentioned the principal points.

4985. What has been the increase in the North Western Provinces?—In the North Western Provinces there has been an increase under this head, from 20,800 *l.* to 33,400 *l.*

4986. From what has that increase arisen?—In 1856-57 there were three central gaols; there are now six, the number of gaols classed as central gaols having been doubled. Then there has been some increase in the pay of the superintendent.

4987. Will you go on with the next, the Punjab?—In the Punjab, the corresponding charges in 1856-57 were included under the district gaol establishments; so that under this head there is an apparent increase of the total charge at the present time, which is 11,600 *l.*

4988. Is that only nominal?—Yes, that is nominal.

4989. And in Madras, what has been the increase?—The increase shown in these accounts is from 2,800 *l.* to 39,700 *l.*, but the constitution of these central gaols in Madras dates from a time later than 1856-57. The central gaols at Bellore, Trichinopoli, and Cannanore, were not at that time completed, and the salaries of the

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superintendents were charged to the Public Works Department; they were in course of construction.

4990. That is a new charge in Madras?—That is almost entirely a new charge.

4991. In Bombay, what has the increase been?—In Bombay there is an increase of charge from 7,500 *l.* to 12,400 *l.*

4992. From what cause?—There is an increase, under the charge of superintendents, from 900 *l.* to 2,200 *l.*; but it is mainly in the cost of the rations for prisoners. In 1856-57 the amount was 900 *l.*, and in 1870-71 it was close upon 3,000 *l.*

4993. Is that from an increased rate, or from an increased number of prisoners?—I have only the number of prisoners for the later year; I have not been able to obtain the numbers for 1856-57; but the increase is certainly mainly due to increased average charge.

4994. Mr. *Fawcett.*] Could you get the number for 1856-57 at the India Office, do you think?—I think it may be obtainable. The numbers do not quite correspond, as the returns of the numbers in the gaol have always been made by the calendar year, and these expenses are for the year ending 31st of March, or 30th of April in the earlier year.

4995. *Chairman.*] What has been the other expenditure?—The next heading is the district gaol establishments.

4996. Will you take them all together for each province, and give us the whole of the district gaol expenses?—On the whole there is an increase of 13,300, namely, from 69,700 *l.* in 1856-57, to 83,000 *l.* in 1870-71.

4997. What have been the other heads of increase for the district gaols?—Under the head of "Gaol Supplies," there is an increase of 99,000 *l.*, namely, from 135,350 *l.* in 1856-57, to 234,000 *l.* at the present time.

4998. What do you understand by "supplies" for gaols?—The cost of feeding the prisoners, the rations supplied to prisoners, the hospital expenses, clothing and passage money, and also it includes any extra guard maintained for the security of the gaol.

4999. Where has been the principal increase in that?—In Oude, there has been an increase from something under 1,000 *l.* to 11,000 *l.*

5000. What has that arisen from?—In the province of Oude, in 1856-57, there can only have been short-term prisoners; the province only came under the British rule in the previous year.

5001. The system had not been developed then?—That is so.

5002. Where is the next large increase?—In the Central Provinces the increase is not so large; it is from 8,600 *l.* to 10,000 *l.*

5003. Then in Burmah, what has been the increase?—In Burmah the increase is from 10,200 *l.* to 14,000 *l.*

5004. And in Bengal, what has been the increase?—In Bengal, there is an increase from 53,900 *l.* to 64,000 *l.*; that seems partly due to some of the repairs of the gaols having been undertaken by the department, and charged in this account, instead of by the Department of Public Works; but there is an increase in the charge for rations, of about 3,000 *l.* included in that.

5005. In what other provinces has there been any increase?—In the North Western Provinces there is an increase from 12,200 *l.* to 17,900 *l.* in the cost of rationing the prisoners, and in the total cost of salaries there is an increase from 15,800 *l.* to 29,900 *l.*

5006. What has that arisen from, increased numbers or increased expenditure?—I have not the number for the year 1856-57; I have only the rates of provisioning the prisoners at the present time.

5007. Will you proceed to the next?—In the Punjab the increase under this head has been from 16,000 *l.* in 1856-57, to 35,000 *l.* in 1870-71.

5008. That is a very large increase; how has that arisen?—This appears to be due to the number of prisoners; for the cost of provisioning the prisoners in the Punjab is on a lower scale than the others; and it may be attributed, I think, in part to the same cause which I have noticed in Oude; the recent acquisition of the province, and the consequent absence of long-termed prisoners.

5009. In Madras, what has been the increase?—In Madras, the increase is from 14,250 *l* to 25,700 *l.*

5010. To what is that due?—This appears to be due to increased numbers. The increase is observable both in the cost of diet and in clothing, which was not the case in some of the other instances.

5011. In Bombay, what has been the increase?—The increase in Bombay is from 14,900 *l.* to 42,997 *l.*

5012. How has that arisen?—This is mainly in the cost of rations of prisoners, that having increased from 13,300 *l.* to 30,900 *l.*

5013. Is that without any increase in the number of prisoners, do you suppose?—I think it may be. The smaller amount would be sufficient at the rate obtaining in some of the other provinces; but I have not got the amount of the numbers.

5014. Is there any other expenditure in the account of gaols?—The account containing the expenditure connected with the gaol manufactures was 19,900 *l.* in 1856-57, and it is 102,600 *l.* at the present time; an increase of 82,000 *l.* odd.

5015. Where is that increase chiefly?—The largest part of that 102,600 *l.* is in Bengal; 90,289 *l.* is shown under gaol manufactures in the Bengal Province, where greater attention has been paid to making the gaols self-supporting by intra-mural labour than in the North Western Provinces or elsewhere. In fact, the question has sometimes been raised whether too much attention is not paid to that aspect of the management of the gaols; but the whole of this sum of 90,289 *l.* will be found upon the other side of the account, as no part of the profit derived from the employment of prisoners in the gaols is applied to general revenue; the whole of the profit is assigned for local improvements, the construction and repair of local roads.

5016. Do you mean local, where the gaol is, or local with regard to the Presidency?—The principle is that it should be applied locally in the neighbourhood of the gaol in substitution of the employment of prisoners upon the roads.

5017. But would not the refund of outlay for the purpose of manufacture be credited to general revenue?—That is so. At page 14 of this Account you will find a similar sum described as "Proceeds of gaol labour and manufactures, and receipts on account of convict labour," 90,289 *l.* In this part of the account this sum represents the

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the outlay for the purchase of raw materials for gaol manufactures, together with the amount of the profit which is paid over to a local fund.

5018. Is not the receipt the exact equivalent of the expenditure; the receipt is 90,289 *l.*, and the expenditure is exactly the same sum?—It is the same sum.

5019. It is passed through the account?—It is passed through the account. The profit is estimated to be the actual difference in cash outlay between what is received by sale of manufactures and the outlay during the year in purchase of raw materials.

5020. The profit is not brought into the account?—The profit is not separately stated; it is included.

5021. How can that be, when the expenditure is exactly the same as the receipts?—Because this expenditure is made up of two sums, the one being the cost of the raw material, the other being the amount of the profit which passes out of this account, being paid to a local fund.

5022. Mr. *Cave.*] Then how can it be exactly the same?—It is measured in that way, the difference between the two sums; the real profit would have of course to take into account the difference in the stock of manufactured articles in the gaols, and so forth, but the profit is measured by the difference in cash receipt and cash outlay.

5023. Is there no balance beyond that which is paid over to any other fund?—No.

5024. *Chairman.*] It is not very apparent why any of the income from gaols should be applied to the particular district, unless the gaol is a district gaol?—These are district gaols, but it does include the central gaol.

5025. Mr. *Cave.*] Is there any sum beyond this which is expended in the district?—Not out of gaol profits.

5026. You have, on one side, as I understand, the actual expenditure upon raw material?—That is so.

5027. And upon the other side you have an estimated profit made out of the raw material?—On the other side is the amount of the proceeds of manufactured articles sold.

5028. *Chairman.*] If you pursue the inquiry a little further, you will observe that in all the different provinces, in the income you have a receipt amounting to 128,905 *l.*, and that in the expenditure on this head you have only an expenditure of 102,000 *l.*?—The practice is not precisely the same in the different provinces. In the North Western Provinces you observe that there is no charge at all against this, but there is a receipt; that arises in this way, that in the North Western Provinces the practice is to place a certain sum of money in the hands of the officer superintending the gaol, out of which he makes purchases of raw materials for manufacture; he disposes of the manufactures, and only returns the net profit into the treasury.

5029. Keeping his capital intact?—Keeping his capital intact. In Bengal the practice is to charge the whole cost of the raw materials in the accounts, and to take the whole proceeds to the account of revenue, and the difference is then charged under the same account as that of the purchase of raw materials, and paid over to a fund from which it is disbursed for local public works.

5030. There is a double expense, first for the purchase of raw material, and then the profit is strictly expenditure, because it is paid over to the local fund?—Yes.

5031. Then this appears as an increase of expenditure, but that is nominal?—That is nominal, the bulk of that is composed of the part under Bengal which I have explained.

5032. Is there any other expenditure connected with the criminals?—There are two other items in the account for 1870–71; first the expense of the convict settlement at Port Blair.

5033. Did that exist in 1856?—No.

5034. Then the whole of that is a new charge?—The whole of that is a new charge.

5035. What is the amount of it?—£. 109,900.

5036. Mr. *Cave.*] They are prisoners employed upon the roads and upon other public works, are they not?—Yes.

5037. Is there any charge made for their labour which is entered in the prison receipts and charged to those works; do you charge the public works with the value of their labour, and credit a prison account with them?—The practice has not been quite uniform. In the largest instance of late years in Bengal, namely, the detachment of a body of convicts on irrigation works, the result has been to cause an additional expense, which has appeared in the gaol accounts; but the practice has not been uniform. In some years a charge has been made in the Department of Public Works, which has appeared in the accounts of the Public Works Department, and re-credited under the account of the gaols, and this is the case in 1870–71 in the Bombay Presidency, the practice, as I have said, not being uniform.

5038. Then in some instances the accounts have shown an increased expense for the gaols on account of these detachments, and no balance on the other side, as far as the gaol goes?—Just so.

5039. *Chairman.*] The benefit would be merely a diminution of expenditure in the works?—Yes

5040. Mr. *Cave.*] A certain amount of labour for nothing?—Yes.

5041. *Chairman.*] Is there any income from the convict establishment at Port Blair, or is it all expenditure?—The amount of return from convict labour at Port Blair, in the year 1870–71, or rather the amount of receipts of the settlement (because it includes more than returns from their labour), is 35,700 *l.*

5042. And is there any other convict expenditure?—The only other expense in this year is a sum of 49,400 *l.* paid to the Government of the Straits Settlement for the support of convicts sent from India, but this is not the amount of the annual charge; it is a charge for three-and-a-half years, the claim having been made upon the Government of India in arrear from April 1867 to December 1870.

5043. Has the practice now been abolished of sending to the Straits Settlements; are they all sent to Port Blair?—Yes.

5044. Then in former times some of the expense now incurred at Port Blair was represented by the transportation to Singapore?—Yes; the expense in former years was larger for Singapore than it is now.

5045. Mr. *R. Fowler.*] Does that 109,000 *l.* include any military expenditure?—No; it includes every other expense at the settlement except the military.

5046. *Chairman.*] Can you state the number of convicts that are kept at Port Blair?—On the

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31st December 1870 there were 6,965 male, and 638 female convicts, in all 7,603; of whom 4,257 were convicted of murder, and 1,677 of dacoity, or gang robbery.

5047. Are there any Europeans there?—Out of the number I have given there were 10 Europeans, 14 persons of mixed descent, and four Armenians. The expense includes the whole expense of the settlement there, and partly the expense of importing food, which is sold, and the proceeds of which appear on the other side of the account. This includes the marine establishment and commissariat.

5048. Mr. *Cave.*] I think you said that from 28 rupees to 40 rupees was the ordinary expense of rationing?—The variation is even greater. In Oude it appears to be 17; in the Central Provinces it is 35; in Burmah, 35; in Bengal, 33; and in the North Western Provinces, 15 or 16.

5049. Is it possible to ration a man for 15 rupees for a year?—I think that the difference in cost is partly to be accounted for in this way, that whereas in the Lower Province of Bengal the prisoners are principally employed in the manufacture of articles for sale, remunerative work of that character, in the North Western Provinces they are employed in preparing and grinding corn for their own consumption, thereby cheapening the cost in the maintenance of prison gardens; the preparation of their own clothing, and food, and so on.

5050. The ration, of course, is food alone?—That is food alone.

5051. But it seems to be a very small amount, 15 rupees for a whole year for a prisoner; what does that consist of?—In the North Western Provinces the staple food consists of cakes made of wheaten flour. The allowance for a labouring man is 20 oz. daily, the average cost of wheat flour in the North West Provinces is 32½ lbs. for the rupee, at which rate the year's consumption would cost about 14 rupees. In the gaols the dietary is varied by the use of cheaper grains.

5052. Then I gather that it can be done at that cost; there is nothing to be set on the other side, but that includes the whole cost of the ration; I mean it is not a balance for which there is something else to account?—No, I think not.

5053. Mr. *Birley.*] I suppose that 15 rupees is an ample allowance to keep the prisoner in proper health, is it not?—Perhaps, in this case I may have understated the charge, for the Inspector General seems to have estimated it at 19½ rupees, but the average number of prisoners in gaol during the year 1870 was 18,089, and I find the charge for rationing the prisoners to be 29,022 *l.*, from which I deduce a cost of a little more than 15 rupees.

5054. Fifteen rupees for the cost of maintenance?—Yes; the difference in the estimates may be accounted for by the fact that the number of prisoners which the Inspector General gives is for the year 1870, and the cost that I have is for the 12 months ending March 1871, not quite for the same period, and that may be sufficient to account for the difference.

5055. But have you any knowledge as to what is the cost at which a native can live?—I have none.

5056. Mr. *Fawcett.*] I presume they do live on that; therefore it shows that an able-bodied man in India can be kept in sufficiently good health for about 17 rupees a year?—Yes; I should think that was true.

5057. Mr. *Eastwick.*] Are you sure that the prisoners themselves do not gain something by their work, and that that is not added?—No, nothing that aids this expenditure for rations, except as I have already explained.

5058. Mr. *B. Denison.*] There are large vegetable gardens attached to almost every gaol; do not you think that these vegetables are kept out of the account?—The cost of maintaining these vegetable gardens is stated, and is in addition.

5059. Is not that charge which you gave just now money out of pocket paid for grain and for pulse?—I mentioned that I attributed the difference to the fact that in the North Western Provinces particularly, the convicts were employed in keeping up the gaol gardens, from which produce is obtained, and also in cheapening the cost of grain purchased for their consumption. I think that in the Lower Provinces of Bengal the charge for grain includes the market-price of the husked grain, and that in the North Western Provinces it includes the price which is very different of unhusked grain, the grain being prepared for consumption by the prisoners. About 12 per cent. of the prisoners are employed in tasks which diminish the cost of the gaols.

5060. And also the grinding would be an item?—Yes.

5061. Mr. *Eastwick.*] Are there no fields attached to the gaol?—Not I think for the growth of grain, but I have no particular information about that; they are always described as gaol gardens; the garden produce is for the purpose of securing variation in the dietary.

5062. *Chairman.*] Is there a department called the Registration Department connected with the administration of justice?—The Registration Department, in the year 1870–71, involved a charge of 106,300 *l.*

5063. Was it in existence in 1856?—No.

5064. Has it been created under recent legislation?—Yes, under an Act of the year 1864.

5065. Does that embrace the whole expenditure for the administration of justice?—Yes; and, on the other hand, may be considered in connection with this, the receipts that occur for the fees charged for the registration of documents, which amounted in the year 1870–71 to nearly 148,000 *l.*, being nearly 42,000 *l.* in excess of the charges.

5066. Going now to the police, what is the total amount of expenditure for the police of India?—The total expenditure for the year 1870–71 is 2,275,000 *l.*

5067. What was the expenditure in 1856?—In 1856 the expenditure was 1,098,000 *l.*, showing an increase of 1,177,000 *l.*

5068. Can you explain how that increase has occurred under different heads of expenditure?—The first of the heads under which this is divided, is that of the commissioners and deputy commissioners, offices of the Presidency. This represents the cost of the office of the commissioner of police at Madras.

5069. Why is there a commissioner of police at Madras, and nowhere else?—In Calcutta, the office of commissioner of police was joined to that of chairman of the justices for the town, and paid out of the town rates.

5070. Then is this commissioner of police at Madras a town expenditure, or is it for the

whole

whole province of Madras?—It is for the town only.

5071. Why is it necessary that he should exist in Madras, and not in Bombay, or elsewhere, for the town; is it a mere difference of title?—No, I think not; it is probably due to some difference in the arrangement made, by which the cost of the police was thrown upon the Presidency towns (Mr *Gay*) There is a difference in the system. At Madras, the whole of the charge for the town police is shown in gross, and recovery is made from the municipality of about three-fourths of the cost. In Calcutta and Bombay a contribution is given in aid of the cost of the police.

5072. (To Mr. *Harrison.*) We had better go to the presidency towns generally: what is the expenditure in Bengal?—The expenditure for the police of the town of Calcutta is 21,000 *l.*

5073 And what is the whole expenditure for the town police in Madras?—£. 20,000.

5074. And what is it in Bombay?—In Bombay it is 17,000 *l.*

5075. Then it would seem that in Bombay the charge would be the balance after crediting the local contribution, and not so in Madras?—That is the general explanation.

5076. Mr. *Fawcett.*] But 20,000 *l.* does not include the cost of the police in Calcutta, but is merely what the Imperial Government contribute, I suppose?—That is so. Out of 21,000 *l* 13,000 *l.* represents the Government share (one-fourth) of the total cost of the town police, which costs somewhat over 50,000 *l.*

5077. *Chairman.*] What is the balance?—Of the balance, 2,900 *l.* is for the river police, which is a charge of the Government, and 230 *l.* for the salt police, special constables, whose pay is borne by the Government, and 4,700 *l.* the cost of guards, supplied to the public offices.

5078. A special police?—Yes.

5079. Can you give the same exposition with regard to the Madras police?—At Madras the system is somewhat different; the charge which we find in the account amounting to 20,140 *l.* is the whole cost of the town police; of this three-fourths are received back by the Government, and will appear on the other side of the account.

5080. And in Bombay?—In Bombay, out of the 17,000 *l.* which appears here, a sum very little short of 10,000 *l.* is the portion of the ordinary police charges borne by the Government. Then 3,700 *l.* is for harbour police, and 1,700 *l.* for police supplied to the dockyard.

5081. Does that make up the whole expenditure?—That sufficiently accounts for the whole expenditure.

5082. What is the next head of expenditure on police?—Then under the head of suburban police we find for Calcutta 16,800 *l.*

5083. That would be the district round Calcutta?—Immediately round Calcutta; that is of the character of a town police, and a portion of this is borne by the suburban municipal bodies, about one-half of the cost.

5084. What is the next item?—There is a sum of 1,700 *l.* in Bombay for police hospitals.

5085. Does that embrace the whole of the town police of the three presidency towns?—That completes the expense of town police.

5086. Will you proceed with the provincial police now; what is the cost of that?—Of the provincial police there is first a charge for all India of 57,800 *l* for the provincial superintending officers; that is, the inspector general of the province and his immediate office.

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5087. Is this an increase over the charge in 1856?—It is more than an increase; it is an entirely new charge since 1856-57.

5088. Has a new system been established?—The district police has since that time been entirely re-organised.

5089. Is there a chief officer in every province?—There is a chief officer styled the inspector general of police in each province; the organization of the district police has been centralised, an officer having the charge of the district police, and being under the direction of the inspector general in all matters regarding the organisation, and clothing, and discipline of the force.

5090. Are these charges uniform in the different provinces?—Well, they vary with the area of the province; there is a difference in the case of Bombay as compared with the other Presidencies. In Bombay it will be observed that the charge under this head is only 800 *l.* as against 11,000 *l* and 12,000 *l.* in Bengal, the North Western Provinces, the Punjab, and Madras; that is owing to the duties being undertaken by the Revenue Commissioners, who are the heads of police within the divisions of the Bombay Presidency.

5091. Are the whole of their salaries charged to the revenue?—The whole of their salary is charged under the head of administration.

5092. Why cannot the same system be adopted at Madras; are there no Revenue Commissioners there?—There are no Revenue Commissioners there.

5093. Why cannot the board performing the duties of Revenue Commissioners also perform those of the police?—I think that, considered as a whole, this mode of providing for the general administration of the police force is found to be economical; and probably it has generally been the case, though not always, that the office of inspector general has been held by a military officer, who has some advantage in respect at all events of part of the duties devolving upon an inspector general.

5094. But it is not apparent why, if the Revenue Commissioners superintend the whole revenue of Bombay, and at the same time superintend the police, the superintending authorities of the revenue in all the other Governments cannot equally superintend the police; I mean as far as the occupation of their time and intelligence is concerned?—It would require a closer acquaintance than I have with the Bombay system to account for it. (Mr. *Gay*) Perhaps it might be explained partly in this way, that the area of Bombay is smaller than that of Madras.

5095 (To Mr. *Harrison.*) What is the next head of expenditure?—We come to the actual cost of the executive police force.

5096. What does that amount to?—In the total that amounts to 1,900,000 *l.*

5097. What has been the increase in that since 1856?—If I include for the purpose of comparison the cost of military police, that is to say, the civil police corps which were paid in the civil department, but were officered and disciplined very much as military bodies in 1856-57, the amount will be 1,044,000 *l.* to compare with 1,900,000 *l.*

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5098. Can you explain what has been the cause of this increase, what has been the nature of the re-organisation which has led to so large an increase?—This increase has been attended with a very considerable diminution of expenditure in the military department in the strength of the native army, and when it is considered as a whole, there has, I think, been no increase of charge. As to some part of these savings, there may, perhaps, be a question whether they have been fully realised.

5099. That is to say, if you add a certain number of native soldiers to the police, whose charge was 1,000,000 *l.*, then you think the expenditure would be about the same?—Yes.

5100. Then what number of soldiers would you strike off the military service as the equivalent of the new police, or what are the relative numbers of the new and the old police?—I could explain generally the effect of the revision. The re-organisation of the police in the Madras Presidency, in which this change was first carried out, took place in 1859-60; the district police up to that time had been, in great measure, under the superintendence of the land revenue native collectors, the tehsildars. In the first place, on the organisation of the police, there was a reduction made in the number of tehsildars; throughout the Presidency the number was reduced by about 30, the boundaries of their jurisdictions being re-arranged, and the duties divided among the smaller number; this was considered to give a saving of about 40,000 *l.* The old police in Madras cost 87,000 *l.* as against 306,000 *l.* at the present time; but there were very large reductions made in the army; there were 12 regiments reduced in the number of native infantry regiments in Madras.

5101. Absolutely disbanded, do you mean?—Absolutely disbanded

5102. Then would the number employed in those 12 regiments be greater than the additions to the police in number?—This reduction of 12 regiments is not the full extent of the military reduction made in connection with this change. The total number of native soldiers reduced is stated to have been about 25,000 in Madras alone, a large reduction having been made in the strength of the remaining regiments.

5103. Can you state what the number of police was who were added to the force in Madras?—It may be convenient to take the estimate made in the year 1867 of the saving effected by the reorganisation. It was then held that these savings had been effected: in civil establishments, 166,000 *l.*; in the army, 216,000 *l.*; in the veteran establishment, 40,000 *l.*; in the Orissa agency, 10,000 *l.*; and in the pay of military officers, 17,000 *l.*; making a total of 440,000 *l.*; the estimated cost of the new Madras police being 390,000 *l.*

5104. What was the cost of the old force?—In the Civil Department it was 166,000 *l.*

5105. I understand that the whole came to 400,000 *l.*, and taking the various savings, supposing the old police to be abolished, then the whole cost of the new police was 300,000 *l.* odd?—Yes.

5106. Mr. *Fawcett.*] But what I understand your general point to be is this, that there has been an enormous increase in the cost of the police, but that increase is more apparent than real, because although the expenditure on the police has increased, in consequence of this increased expenditure on the police, the cost of the native army has diminished?—Yes, that is so.

5107. But contemporaneously with this enormous increase of the cost of the police, the cost of the army instead of diminishing has greatly increased, has it not?—The point is the general cost of the police, and that of the native infantry regiments.

5108. If you want to look at it as far as the financial question is concerned for India, you must look at the cost of the whole army, because in consequence of disbanding the native soldiers you have required Europeans; am I not correct in saying that?—That would introduce the consideration of the distribution of the native army.

5109. You say that there has been this enormous increase in police; then you account for that by saying that, although there has been this increase in this police, there has been a reduction in the military expenditure; I ask whether, at the same time, there has not been a great increase of military expenditure; and therefore it does not correctly represent the case to use that argument, does it?—Perhaps it may be convenient if I read somewhat more at length the grounds on which this saving is attributed to that cause.

5110. *Chairman.*] Will you finish your description of this operation in Madras, and give the financial result?—I am quoting from a report made by the Inspector General of Police to the Government of Madras, on the 20th December 1867: "I now take the third question, namely, 'Has the Government of Madras fairly used its police in relief of the finances of the State; and has there been any increase of charge whatever'?" Simultaneously with the organisation of the new police, the Madras Government applied itself to a thorough revision of every civil establishment, revenual and police; disbanded every local levy and re-organised several departments. By these measures they disbanded 28,600 men (a larger body than the entire present police force), and set at liberty funds to the extent of 16,61,882 rupees. They relieved the military detachments, maintained at almost every civil station in the country for the preservation of peace and order, and every guard and sentry over gaols, and treasuries, or employed in the escort of treasure. By this means a reduction of 12 regiments of the native army, and of the whole veteran establishment became possible; and whereas every sepoy was formerly on sentry duty one night out of three, this duty now falls on the sepoy only one night out of seven, even with a largely reduced army. The then Commander in Chief, Sir Patrick Grant, when strongly urging on the rapid organization of the constabulary, used these emphatic words: "The new Madras police is fighting my battles." The Madras Government has ever since trusted the preservation of the public peace and the protection of the public property absolutely to the Madras police; and they have never yet failed them. The above measures relieved the revenues of the State (at the prospective rate of 1,80,000 rupees per regiment per annum) to the extent of 21,60,000 rupees, while the army is kept more efficient by lighter duty and the pension list is decreased. To this must be added the cost of the entire veteran establishment, namely, 4,00,011 rupees. Further, the Madras government has accepted the political charge of the Orissa agency, which formerly cost a lakh a lakh of rupees per annum, but is now provided for out of the police budget. The military budget has also been relieved of 1,71,000 rupees per annum in the pay of military officers charged to the police budget. Thus, on the whole, the Madras police has more than paid for itself."

5111. What is the exact balance of the figures which you stated to us under the different heads of charge, put against the various sums superseded by the new police?—The balance of saving is stated at 59,289 *l.*

5112. That is the difference, taking all the charges, that existed in 1856, and which are considered to have been superseded by the establishment of the police?—Yes.

5113. Mr. *Fawcett.*] So far as a nominal increase for the police charge on Madras has taken place, it amounts to this, that you have increased the police charges, because you have rendered to the army a service equivalent to 12 native regiments?—That is so; the expression of the Inspector General which I quoted is that the reduction of 12 regiments, in consequence of this re-organisation of the police, became possible. The re-organisation in the other provinces has been on exactly the same principles.

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5114. *Chairman.*] You will be able to give us a similar explanation with regard to the facts of the other Presidencies?—Yes.

Friday, 3rd May 1872.

MEMBERS PRESENT:

Mr. Ayrton.	Lord Edmond Fitzmaurice.
Mr. Beach.	Mr. Lyttelton.
Mr. Birley.	Mr. M'Clure.
Mr. Charles Dalrymple.	Mr. John Benjamin Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr Dickinson.	Sir Charles Wingfield.
Mr. Eastwick.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, were re-called; and further Examined.

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5115. *Chairman* (to Mr. *Harrison*).] THERE is an item of 475,602 *l.* for marine charges in India, exclusive of the charges for a similar service in England for stores and other charges, which make a total charge against the Government of India of 759,770 *l.*, will you be good enough to state what was the amount of this charge in 1856-57?—The marine charges occur in the accounts of the provinces of Burmah and Bengal, and in the accounts of the Punjab connected with the river navigation, which is placed under this head, and in Madras and Bombay; the total charge in 1856-57 was 709,700 *l.*

5116. Has there been any change in the system of marine since 1856-57?—There have been great changes, making a comparison between the charges difficult. Since that time the Burmese flotilla, which was maintained for some years after the occupation, has been broken up, and the Bengal marine has been placed upon a perfectly different footing; on the other hand, a small flotilla has been created on the Indus. Then the Indian navy has been entirely done away with since 1856-57; the duty of defence, so far as it was provided for by the Indian navy, being undertaken by ships of the Royal Navy at the present time.

5117. Proceeding with Burmah, in the first place, what was the charge in 1856-57, and what has been the effect of the change since then?—In 1856 a flotilla was maintained for the navigation of the Irawaddy; there was also a Government dockyard maintained at Rangoon; they have both been given up. Communication on the Irawaddy is kept up by a private company, whose steamers ply regularly between Rangoon and Mandelay, and occasionally go to Bhamo. The dockyard at Rangoon has been rented to a private firm. The present marine charges in Burmah are as follows: There is a shipping master at Rangoon with a small establishment, costing altogether a little under 600 *l.* Then there is one Government steamer, the "Nemesis," attached to Burmah, the cost of which in 1870-71 was 1,449 *l.* Then during part of the year, while the "Nemesis" was laid up, another steamer, the "Undaunted," was placed on the station, her cost for that year being a little over 2,000 *l.*; and the services of a hired steamer also, employed at a further cost of 2,000 *l.* The total expenditure for 1870-71 was 24,000 *l.* All these vessels are employed in keeping up the communication between the different stations on the coast (there are five stations on the coast), and with the lighthouses and with the convict settlement at Port Blair.

5118. Is the communication difficult by land?—It is almost impracticable with some of the stations.

5119 Is there any receipt set off against the expenditure in Burmah for this service?—It is very slight; it amounts to 5,500 *l.*

5120 In Bengal what was the state of the expenditure in 1856-57?—In Bengal in 1856-57 the expenditure was 290,400 *l.*, in 1870-71 it is 181,400 *l.*

5121. How has that diminution been effected?—In the heading of "Master Attendants, Dockyard and Marine Establishments" there has been a reduction from 26,800 *l.* to 15,600 *l.*

5122. Has that been a real reduction, or is it only by transfer to the local charges of any port charges?—It is mainly a real reduction, being due to the abolition of the office of superintendent of marine with his establishment, and to a real decrease in the charges of the dockyard. Then, there is what is a less important saving of a portion of the expenses of the master attendant's office, one-fourth of which has of late been charged to the Port Fund; that accounts for about 600 *l.* Then the office of marine surgeon has been abolished.

5123. Has there been any diminution of the marine establishment of sailors, and local officers, or perhaps you can state whether there has been a reduction in the number of vessels in the permanent employment of the Government of Calcutta?—I have the particulars of the vessels at present employed, which are as follows: There is a sailing transport, about 900 tons, employed; then there are two paddle steamers that I have already mentioned in connection with Burmah, the "Nemesis" and "Undaunted"; the one of 390, and the other 470 tons. Then there is a steam

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steam dredge of 400 tons maintained for clearing obstructions in the Hoogly. There are six inland steamers, from 208 to 390 tons, employed on the Ganges and Burrampooter, and there are five flats, with capacities from 200 to 400 tons, employed in connection with these steamers on the Ganges and Burrampooter. There are two screw-steamers employed in keeping up communication with False Point Lighthouse and the coast; then there are the pilot brigs; there are six in all, four iron built brigs, and two wooden built, with a tonnage of a little under 300 tons each. Then there are six floating light vessels from 200 to 236 tonnage; two surveying brigs, which are employed entirely in the survey of the channels and approaches of the River Hoogly; and two buoy vessels which are constantly employed in shifting the large number of buoys.

5124. Off the channel of the Hoogly and approaches?—Yes. There is an anchor vessel of 130 tons employed in recovering anchors lost in the river, and clearing the channels of obstructions of that kind, and a small schooner of 10 tons employed in soundings, and two State yachts, one of the Governor General, the other of the Lieutenant Governor of Bengal. Those comprise the entire floating establishments.

5125. Can you state how much is due to the floating establishment, and how much is due to what may be called land establishment connected with the port?—Not precisely. The classification that I have classes the lighthouses and lightships together. I can state the total expenditure on the dockyard and marine establishments, amounting for all India to 45,400 *l.*

5126. How much for Bengal?—In Bengal 15,634 *l.*

5127. Is all the rest of the 180,000 *l.* due to the various floating charges, or is anything expended in what may be called looking after the bed of the river, or the banks of the river?—The whole of the expense in the river survey, and the conservancy, except so far as it is within the limits of the Calcutta Port, and provided for out of the Port Fund, is included in these charges; but the fact is, that since the close of the year 1870–71 a change has been made in the administration of the Calcutta Port; therefore, the accounts for this year do not represent the existing state of things. The change was made in last September, since I left India, when the management of the immediate limits of the Port of Calcutta was made over to a separate trust, and in consequence of that certain charges, which at the present time will fall upon these marine estimates, did not in the accounts of 1870–71; this charge does not include the duty of keeping the lower channels of the river clear from obstructions, the cost of the steam dredge, a steam dredge of some power, is maintained for this purpose, and is at the present time a charge of the Government upon the marine estimates.

5128. Do you mean that there has been a commission, or local board, established to manage the port, and that certain disbursements are made by them, and certain other charges are borne by the Government, is that so?—That is so; and in consequence of this change, the charge against the head of lighthouses and lightships will be very greatly increased. In the year 1870–71 it amounts to less than 800 *l.*, and that is a very inadequate sum to represent now the expense of the six lightships and three lighthouses, which are maintained for the navigation of the approaches to the river.

5129. Do you mean that the arrangement which has been made has a tendency to transfer more charges to the Indian revenue than were placed upon it before?—Yes, I think it is true that the charge will be somewhat more under this head; but practically under the old system, when the whole of the river was dealt with as a separate trust account, there were very considerable losses which ultimately fell upon the Government, and extraordinary charges in the accounts, in the shape of irrecoverable debts from the Port Fund. This account will in future represent the true charge against the revenues, not probably greater than formerly.

5130. Do you mean as regards the net result not greater than formerly, or not greater in the first instance?—Under the old system there was an accumulating debt against the Calcutta Port Fund from time to time, involving a heavy charge in the account in writing off irrecoverable amounts.

5131. Will that appear under another head of the accounts?—Yes; in the accounts of the previous year, 1869–70, there was on this account a charge of 320,000 *l.*

5132. Under the same heading?—It is under the head of "Marine, Miscellaneous"; that sum of 320,000 *l.* is of this character, representing an accumulation of irrecoverable debt then written off.

5133. But did the Government receive all the dues that were payable in respect of the navigation of the river, or did the local board?—Previously the Board of Port Fund; it was administered entirely by a Government officer, being under the direction of the master attendant; and the port fund received all the port dues.

5134. Can you give the Committee any idea of the receipts for the year of the port dues?—The ordinary receipts of the port dues amounted to about 30,000 *l.*

5135. Were there any extraordinary receipts to a considerable extent?—There was a variable sum depending upon the amount of shipping resorting to the port in the year for hire of moorings, which amounted to about 20,000 *l.*

5136. So that against the expenditure of nearly 180,000 *l.* the Government got back from the shipping about 50,000 *l.*?—These two are not to be compared together. This 50,000 *l.*, of which I spoke, and there were other earnings, fees for the services of the harbour masters of the department and so forth, made up an income of perhaps 70,000 *l.* or 80,000 *l.*, the annual expenses being very nearly the same amount, and leaving nothing to repay the interest on the outlay for light-vessels and moorings laid down in the river. The capital sum was charged to this fund, having proved in that way irrecoverable.

5137. What I am endeavouring to ascertain is this: the whole charge against Bengal being 180,000 *l.*, and, as I understand you, being nearly all incurred on the navigation of the Hoogly to Calcutta, the receipts from that navigation and from the river in one form or another amounted to 80,000 *l.*, as you now state, or what do you consider to have been the annual receipt from the port, and what the expenditure on the port?—In return for this expenditure of 180,000 *l.* an equal amount will be found of marine receipts. A

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large proportion of this charge of 180,000 *l.* consists of the expense of the pilot establishment.

5138. But that is all part of the charge for the port?—No, the pilot establishment was not undertaken by the port fund; that has always been a charge upon the Marine Estimates.

5139. But without reference to the mode, what I want to get before the Committee is the substantial fact; what is the cost of the port of Calcutta, which includes, of course, the pilot establishment, to get ships into it, and what is the income derived from the port of Calcutta to cover the charges; as I understand you, the only deductions that you have made that do not belong to the port are the two surveying vessels, and the Government yachts and the transport?—I think that there are very much larger abatements to be made. There is first the cost of the general administration, the master attendant's department, his duty being concerned with the deep sea marine, the conveyance of troops, convicts, and stores between British India, Burmah, the Andamans, and the survey of the coast; then there is the inland navigation of the Ganges and Burrampoota rivers, which is not concerned with the port of Calcutta.

5140. Can you divide this item of 180,000 *l.* into those items which belong to the port of Calcutta and those which do not?—I have hardly the means of doing that.

5141. Will you explain what is the necessity for keeping up a yacht for the Governor General, and another yacht for the Lieutenant Governor of Bengal?—The yacht for the Lieutenant Governor of Bengal is frequently brought into use on visits made to the province of Assam and to the western districts on the Ganges.

5142. How often does he make visits in the course of the year?—It is brought into requisition usually during the rainy season of July and August.

5143. Is the vessel with the crew kept all the year round in order that he may go in his own vessel on these voyages at one period of the year?—It is a mere barge, with accommodation.

5144. And what is the yacht of the Governor General?—The yacht of the Governor General is a smaller one; that too is a mere barge, which is towed on the Hooghly by small river steamers.

5145. What is their annual cost?—The entire charge of the Governor General's yacht is 436 *l.*, and the Lieutenant Governor's 440 *l*; that will not include any expenditure in the dockyard for repairs, but the crew and the ordinary expenses.

5146. Is it proposed under the new system that the receipts from the port of Calcutta and the expenditure on the port shall be treated as a local transaction, the one being made to cover the other?—That is so; the immediate port one mile above and three miles below the town of Calcutta.

5147. But not the navigation of the river?—Not the navigation of the river.

5148. Nor the pilotage?—Nor the pilotage.

5149. Are the pilotage receipts kept separate from the port receipts?—Quite separate; those are separately stated in the accounts.

5150. Perhaps you will give the pilotage receipts?—The pilotage receipts in this year were 82,100 *l.*; the entire charge for establishments was 65,400 *l.*

5151. For the pilotage?—Yes.

5152. Then the vessels are to be added?—That includes the cost of the vessels.

5153. Does it include pensions?—I was about to mention that this is exclusive of the pensions of pilots, which in great part are paid in England.

5154. Would you not also have to add the share of the Master Attendant's office for superintending the pilots?—Yes, that would be proper.

5155. And are there not some establishments connected with the pilotage establishment on shore?—This will not include any charge for the dockyards, for building or repairing pilot vessels; when all that is taken in it makes it much more.

5156. Probably one would balance the other then?—More than balance.

5157. Then do we rightly understand that the pilotage is included in the 180,000 *l.*?—That is so. The charge for pilot establishments and vessels here is stated at 65,400 *l.*

5158. Is it necessary for Government to keep up the dockyard at Calcutta, or can they get the service done by contract by a private dockyard?—That is a matter which has for the last two or three years attracted the attention of the Government a good deal, and it is even now under consideration. The belief seems to be that it is economical to maintain the establishment, that work done in a Government dockyard is better, and the charges less than the same services could be obtained for in any other way in Calcutta.

5159. Is there any annual statement made out of the working of the dockyard, showing the work done and the charge for the whole expenses of the dockyard, including superannuation and other contingencies, to show the working of the thing?—I have never seen an account stated in that form.

5160. Is any account kept of the working of the transport vessel of the coast, and the earnings of the vessel, so as to show to the Government the whole charge for the transport and the work done for it; there is only one transport, I believe?—There is only one transport, and that is employed on a service which probably it would be very difficult to provide for in any other way, certainly not except at a much larger cost, in the conveyance of stores between Port Blair and Calcutta, and Calcutta and Rangoon, and the conveyance of convicts and the relief of troops.

5161. But how can we tell that unless there is an account kept of the cost of the vessel, and the work done?—The alternative mode of sending stores to Port Blair has been of late by the steamers of a private company, the charge made by which, namely, about 2 *l.* a ton for five days' voyage, is certainly very greatly larger than the expenses of this transport ship can possibly be; but I have not the means at hand of stating the annual cost.

5162. Would not that depend upon the number of days that the Government transport remains unemployed throughout the year; would it not require a statement of that kind?—Certainly.

5163. Is all this expenditure under the charge of any one officer of the Government, who is responsible for it?—It is; the Master Attendant in Calcutta.

5164. He accounts for the whole?—He is the responsible administrative head of that department.

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5165. He does not send in at the end of the year balance sheets of his various operations manifesting what the result is?—No.

5166. Sir *C. Wingfield.*] The pilots have a fixed salary, have they not?—No, a very small proportion of the whole number of pilots at the present time have a fixed salary. There are at present about 120 pilots, and of these there are only seven salaried pilots; there are 59 on what is called the free list, 10 of the full number on leave, and there are 48 licensed pilots.

5167. Those salaried pilots were of the old Bengal service, I suppose?—That is so.

5168. And then the service was thrown open to anybody who could prove his competency by passing an examination?—That is so. Some restriction is placed upon the number, but apparently the number 124, that there is at the present time, is larger than the requirements of the port warrant.

5169. Then these who are not salaried receive a proportion of their earnings?—That is so; 60 per cent.

5170. Mr. *Beach.*] Is it compulsory for vessels to take pilots?—I understand it to be so at present.

5171. Mr. *Birley.*] Are the receipts taken by pilots on account of sea-going vessels equivalent to the expenditure of the establishment?—They are more than equivalent to the direct expenditure of the establishment. The figures that I gave just now showed the receipts to be 82,000 *l.*, and the expense for establishment 65,400 *l.*; but this is exclusive of the expense on the building and repair of pilot vessels, and exclusive also of pensions paid to retired pilots.

5172. So that in point of fact it does not cover the charges?—No.

5173. Mr. *J. B. Smith.*] Are these pilots Indians or Europeans?—Nearly all Europeans; there are some Americans; the others, though I believe all Europeans, are still not all British subjects.

5174. Are natives eligible for the office if they possess the qualifications?—I hardly know.

5175. Do vessels navigating the Hooghly pay pilotage dues?—Yes.

5176. The charge being made, I suppose, upon the tonnage of the vessel?—Yes, that is so.

5177. And do they also pay lighthouse dues?—There is no charge made for the lighthouse at the entrance of the River Hooghly; there are other lighthouse dues chargeable on ships navigating the Bay of Bengal that are accounted for to the Board of Trade.

5178. Mr. *Eastwick.*] I think you said that the Master Attendant, who made all these disbursements, or under whom all these disbursements were made, did not send in any balance sheet or any accounts?—No complete accounts, showing the financial result of the employment of separate ships. The question was as to the financial result of the employment of transport ships.

5179. With regard to the question whether natives could be employed as pilots, it is the fact, is it not, that on the west coast of India at all events the natives are very good sailors, and they coast all along there; there might be a saving effected there, might there not?—I have no doubt that the expense of native pilots would be less. (Mr. *Gay.*) The navigation of the Hooghly is very much more difficult than of any other port in India.

5180. Mr. *Eastwick.*] But there is the same sort of thing in the Gulf of Cambay; there is the bore there?—I am not a judge of those points.

5181. *Chairman* (to Mr. *Harrison*).] We will go now to the next item of marine expenses, that is for the Punjab, I think?—That is for the river steamers on the Indus; they are classed under the head of marine.

5182. What was the state of that expenditure in 1856?—In 1856 there was a charge of only 337 *l.*; it is now 23,000 *l.*

5183. How has that grown up?—The present expense consists of the charge of these river steamers, of which there are four, with seven flats and barges. In 1856 there was a small flotilla at Kurrachee, which this in some part takes the place of. The head-quarters of the Indus flotilla are at Sukkar, where there is a superintendent with a salary of 900 *l.*, with an assistant on 360 *l.* and a small establishment.

5184. Does that go into the Punjab expenditure?—It does.

5185. Is not Sukkar under Bombay?—Sukkar is in Scinde; but it is maintained rather for the service that carries the malt liquor and other military stores up the Indus to Mooltan; then in the dockyard there is a superintending engineer and an assistant engineer, costing about 1,000 *l.*

5186. Is any expenditure incurred in keeping the Indus, or in trying to keep the Indus navigable?—There is a conservator with a salary of 700 *l.*, with two assistants who have each 360 *l.* annually, at Kotri; their duty is to keep open the navigation, and see after the removal of obstructions.

5187. Is any balance-sheet made out of this service to show the working of it from year to year, and sent to you?—No; I have never seen any account of that character.

5188. Do you know what the earnings of the flotilla were for this year?—They are taken at 1,300 *l.* received from the public; and the services rendered to Government are valued at 8,800 *l.*

5189. Is that on the same scale as the services discharged to the public?—I think that is so.

5190. That would be 10,000 *l.* in all?—Yes; the total charge being 23,200 *l.*

5191. Mr *J. B. Smith.*] What is the object of this flotilla on the Indus?—It keeps open communication between the Punjab and Kurrachee; and the advantage, I think, to the Government is in some degree, perhaps mainly, that they are able by this means to convey military stores to the Punjab at less cost than in any other way. The stores will be shipped to Kurrachee, and they merely have the river transit from Kurrachee to Mooltan, when they are in the heart of the Punjab, instead of being sent to Calcutta, and having a very long land journey, involving certainly very great cost.

5192. Is there not a private company that navigates the Indus?—There is; I am not very fully informed of their operations, but the Scinde Railway has also apparently found it an advantage to have a separate flotilla of their own.

5193. *Chairman.*] At present there are two other establishments; first the railway company's flotilla, and the next the private company's flotilla?—Yes.

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5194. The Government having to pay all the loss upon the railway company's flotilla, they keep up a flotilla of their own?—Yes; but I am very imperfectly informed of the circumstances.

5195. Mr. *J. B. Smith.*] Do you know whether the Government flotilla carries any produce?—No.

5196. It is confined entirely to Government objects?—Not entirely; there are private receipts of 1,300 *l.* out of 10,000 *l*, that will be partly for passage.

5197. Mr. *Eastwick.*] I imagine that this flotilla is kept up for the conveyance of the stores from Sukkar to Middenkote, and up to the Punjab; it is not kept up for going down to Kotri and Kurrachee?—I do not know how far it goes; it goes up as high as Mooltan, I think; it certainly goes down to Kotri, for part of their establishment is stationed there.

5198. What I want to get at is this, that it is not to work with the railway, but it works where the railway stops?—That I understand to be the case.

5199. I suppose when the railway is made from Kotri up to Mooltan you will get rid of that altogether?—I should suppose so.

5200. *Chairman.*] We will proceed now to the expenditure at Madras on marine purposes; what was that in 1856-57?—In 1856-57 the expense was 20,900 *l.*, and in 1870-71 it was 6,800 *l.*; at Madras the Government Marine has no sea-going vessels maintained at all; the whole of the expenses are in connection with the ports, pilotage, and lighting.

5201 Then is the port under the control of the master attendant, the same as at Calcutta?—That is so; at Madras there is an establishment of a master attendant, a deputy, and three assistants, costing about 3,900 *l.*

5202. What are the other expenses?—There are similar expenses on a smaller scale at each of eight principal outports, and officers at from 240 *l.* to 320 *l.*

5203. And are there any charges for lighthouses or light vessels?—The lighthouses and light vessels cost 2,658 *l.*

5204. Will you now go to the expenditure of Bombay?—At Bombay the marine establishment is of a larger character.

5205. What was it in 1856-57?—In 1856-57 the amount was 275,600 *l*; in 1870-71 it was 241,000 *l.*

5206. Will you explain what changes have taken place at Bombay in your marine expenditure?—First of all, under the head of "Master Attendant, Dockyard, and Establishments," there has been a decrease owing to the abolition of the office of commander-in-chief of the Indian Navy; but I may mention, though it is out of order, that in the account of "Miscellaneous" there is a charge of 1,000 *l.* allowance paid to the naval officer in command on the station, which, perhaps, should more properly be added to the marine pay and allowances.

5207. What are the principal items of expenditure in addition to the master attendant's office?—There is the abolition of the office of commander-in-chief, also of the assistant superintendent of marine, and the marine surgeon's office has been abolished, the charge on this account at present being only 76 *l.*, the sum paid to a medical officer.

5208. Has the service called the Indian Navy been suppressed since 1856-57?—That has been entirely suppressed since 1856-57.

5209. That used to be a very heavy charge?—That is so.

5210. Do you know what the amount of that was in 1856-57?—In 1856-57 the entire charge under the account of marine pay and allowances was 196,000 *l.*; it is now 34,000 *l.*

5211. That would be independent of the cost of the vessels of the Indian Navy?—Quite so.

5212. Then the whole of that having been suppressed, what has been substituted?—The exterior defence generally has been undertaken by the Admiralty, a certain fixed sum (with regard to which the Committee, I think, have received information) being paid from the Indian revenues.

5213. But is that contribution charged to this head of the Indian accounts, as far as it is paid now?—No, it is in the home accounts of the Government of India.

5214. What I want to see is how this item has been kept up to nearly the same amount, notwithstanding that the Indian Navy has been suppressed?—What is maintained at present in Bombay is as follows: there is a troop ship maintained for the movement of troops in India, of 1,060 tons, the "Dalhousie."

5215. That would be along the coast of Bombay and Scinde?—Quite so, and to Aden, and it has been employed between Madras and Rangoon. And then there is a ship which at present is employed in laying down telegraph cables, of about 600 tons, the "Amber Witch."

5216. The telegraph from Kurrachee to the Persian Gulf, you mean?—That is so. Then there are two ships employed on local duty in the Persian Gulf, one on the Bagdad river.

5217. What does it do on the Bagdad river?—It is at the service of the consul general.

5218. What can he require a vessel for?—It is a small vessel of 200 tons. The other vessel in the Persian Gulf is one of 500 tons.

5219. What is that used for?—It is at the disposal of the Political Agent at Bushire.

5220. What is the whole cost of the service in the Persian Gulf?—£. 6,200.

5221. What other vessels are there?—There is a tug steamer of 470 tons employed in the port of Bombay.

5222. What does that do?—It assists in moving the troop ships, and various services; it is described as a very useful and valuable vessel.

5223. Is there any vessel kept up at Aden?—The vessel at Aden costs 3,000 *l.*

5224. What is that for?—A steamer is maintained there for communication with Perim, at the mouth of the Red Sea.

5225. Do not the transports now touch at Aden, or the mail vessels?—Yes.

5226. Is this a vessel kept up for the benefit of the lighthouse at Perim?—That is one object.

5227. It seems to be the only object, seeing there is nothing on Perim but the lighthouse; where is the lighthouse establishment, at Perim, charged in these accounts; is it charged in the Bombay account?—The charge for the maintenance of the lighthouse at Perim is included in the sum of 19,800 *l.*, the master attendant's establishment.

5228. At Bombay?—Yes.

5229. Is there any vessel kept up at Kurrachee?

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chee?—The vessel at Kurrachee cost 3,056 *l.* in 1870–71.

5230. What is that for?—That in part represents a vessel of 330 tons, placed at the disposal of the Commissioner of Scinde.

5231. Is that for him to go backwards and forwards to Bombay?—I presume so.

5232. Is there a line of steamers, do you know, running between Kurrachee and Bombay?—Not of Government steamers, but there is of subsidised steamers.

5233. Then is it considered more economical to pay 3,000 *l.* to enable the Governor to go backwards and forwards to Bombay, than to hire him a passage when he wants to go; do you know on what principle this is done?—No; then there is the Governor's yacht, a vessel of 313 tons and 100-horse power.

5234. What does the Governor want a yacht for?—It is employed in visits to the southern ports of the Bombay Presidency.

5235. Sir *C. Wingfield.*] Is that a steam-yacht?—Yes.

5236. *Chairman.*] I think you informed us there was a company which went up and down the coast, to which the Government paid a subsidy; why cannot he go in their vessels?—The vessels of this company only go at fixed seasons.

5237. Can you state when this yacht was set up?—I do not think I can state that, but it did not exist in 1856–57; the present one has not been many years in use.

5238. Do you think you could make out a comparative statement to show more clearly the growth of the expenditure consequent upon the travelling propensities of the Government?—I could prepare an account of the annual expenses of this class for a series of years; the tour expenses of the Governor in the marine establishment, I presume, is what is meant. There are two gun boats also employed, of 300 tons each, the "Hugh Rose" and the "Clyde." Those, I believe, there is some intention of converting into vessels for surveying both the eastern and western coast of India, a survey which is considered to be greatly required. Then there is a smaller sailing schooner of 180 tons, with regard to the employment of which I am not informed. There are two small vessels, of 40 and 90 tons, employed in the harbour, and then there are two large iron-clad vessels that have been supplied to Bombay for the harbour defences.

5239. Sir *C. Wingfield.*] We had those in the home account, had we not?—In the home account you had the cost of constructing these vessels. The crew, and maintenance of them, falls upon the Bombay accounts.

5240. Mr. *Eastwick.*] They are not in this charge before us at all, are they?—My doubt is whether the charge commenced during the course of the year 1870–71. There is at the present time certainly a full staff of officers and crew charged to this account. They will certainly appear for the future. I do not know how far the expenditure was on the full scale in the course of the year 1870–71.

5241. *Chairman.*] Do you mean that the Government of Bombay is going to man these iron-clads out of the Indian revenues?—Certainly.

5242. And to set up a new Indian navy in iron-clads, having just abolished at an enormous cost a navy of wooden vessels?—These are for the defence of Bombay.

5243. But upon what principle are they to be set up as a local service?—Because they are designed for the harbour defences.

5244. And will the effect of this again be to set up a service of higher pay, because it is local?—No; they are commanded by officers of the Royal Navy, by navigating lieutenants of the Royal Navy.

5245. And would the sailors be in the Royal Navy, and the engineers?—They will, I think, be all local.

5246. How will they be brought under the Marine Mutiny Act?—I cannot follow those details.

5247. Has there been any expenditure under the Bombay heading for building and repairing ships?—Under this head the expense in the year is 67,800 *l.* That represents the wages of artificers in the dockyards; the steam factory and sail makers' department.

5248. Can you state how much of this expenditure has been incurred on account of the vessels that you have described as maintained by the Government?—No, the distinction is not apparent, except it can be taken in this way, that the account on the other side will represent what has been received for work executed by private persons. The return against this expenditure for the year is 35,216 *l.*

5249. But then before putting that receipt against the expenditure would you not have to add all the charge for stores supplied to the dockyards, and for coal and so forth, and other things used in the dockyard?—That is so.

5250. Can you tell us what the stores supplied to the dockyard in that year would be worth?—The amount of value of the stores purchased in that year is 37,400 *l.*

5251. Is there any expenditure for timber and metal?—For timber 17,300 *l.*, for metal machinery 17,200 *l.*, and a further charge of 2,800 *l.*; making up the total that I mentioned 37,400 *l.*

5252. But that would be only the expenditure in India, or would it include any portion of the items under the head of building and repairing, ships stores, 84,000 *l.* charged in the English accounts. Would that be the same sum reproduced from the Indian accounts, or only the expenditure in India in addition to that in England?—This is only the expenditure in India in addition to that in England.

5253. Do you happen to have the amount of the English stores that were charged to the Bombay account?—No; I have not got that before me.

5254. Then we have a very large expenditure on the dockyard, amounting at present to 138,000 *l*?—It is so.

5255. Against that you have only been able to credit a receipt of about 35,000 *l.* from the public?—Yes.

5256. And the whole of the balance will represent work done for the Government?—Yes.

5257. Does that include work done on the transport vessels?—No, that would be included in the amount received from the public.

5258. Then the whole of the very large difference that we have got would be the expenditure on the vessels for the Government of Bombay?—It will also include expenditure for other departments of the Government; work executed

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for the department of Public Works not of a marine character.

5259. But done in the workshops of the dockyard?—Yes.

5260. Is that made out as a separate head of charge, or not debited in the accounts?—No, it is not separately stated.

5261. Are you furnished with any debtor and creditor account of the operations of the dockyards, showing the value of the various services done?—No.

5262. No balance sheet of the dockyard is ever sent to you?—No.

5263. You have given us the cost of some of these vessels employed by the Government of Bombay and of the yacht; but does that include the cost of the provisions, or was it merely the cost of the wages of the crew and the coal used by these vessels?—They were separate items.

5264. What was the separate charge for those services?—The charge for the purchase of provisions for the crew of the ships is 19,350 *l.*

5265. And what for the coals used for the vessels?—For the purchase of coals, 2,000 *l.*

5266. Then the real charge for the coals would appear in the English accounts, I presume, where they are paid for?—That is so.

5267. That would explain, perhaps, a good deal of the item appearing under the head of the English accounts for the marine charges; then I think the various sums you have mentioned make up the total you have stated of 240,000 *l.*?—That is so.

5268. The result would therefore seem to be that, notwithstanding the abolition of this service and the heavy charge for their pensions and compensations, very little has been gained by it in the reduction of local expenditure; not more than 35,000 *l.*; is that the exact sum?—The amount of the decrease in charge is 234,000 *l.* for the whole of India, between 1856 and 1870.

5269. I am speaking of Bombay?—In Bombay it is not so.

5270. Was not the marine charged entirely to Bombay in the accounts formerly?—Yes.

5271. Therefore it would be a reduction of only 35,000 *l.* effected at Bombay, notwithstanding the abolition of the marine?—The final item classed as "Miscellaneous" in this account of Bombay, 58,700 *l.*, includes an extraordinary sum of 20,000 *l.*, which is in effect a contribution from the Government to the capital account of the new Harbour Board established within the last 12 months at Bombay; that should be taken out in making the comparison.

5272. That will not recur as an item of charge?—That will not recur, and it will make the real saving 20,000 *l.* more than appears in the figures.

5273. That will be 55,000 *l.*?—Yes.

5274. To give a complete view of this, can you state how much the Government is now paying in the way of compensations for the abolition of the Indian Navy?—I do not know the amount of the charge at present.

5275. Is there a special expenditure for the "Colaba" light vessel included in these accounts?—There is; that should also be added to the amount of the estimated saving; the sum is 13,500 *l*, the cost of the construction of the "Colaba" light vessel for the Bombay Harbour. This expenditure had been incurred some years previously, but it seemed to be a matter of question in what way the cost was to be provided for, and it was ultimately brought into the accounts of this year.

5276. Must we not look to the replacement of some of these other vessels as they wear out from time to time, and, therefore, to some extent this would be a recurring expenditure?—No doubt.

5277. That is supposing all the other vessels are kept up; we should expect every year or so to have to replace one or other of the vessels. (Mr. *Gay*.) I think the expenditure this year represents the ordinary replacement of vessels; and this charge of 13,500 *l.* was one of a former year brought on in addition.

5278. (To Mr. *Harrison*.) If you take the broad fact that you have spent 130,000 *l.*, and got 30,000 *l.* from the public, the result is that there is 100,000 *l.* standing against the Government on its own service, subject to any correction that might occur?—That is so.

5279. Mr. *Beach*.] I understood you to say, that besides the vessel for the Governor, there was one kept for the consul in Persia, and one for the commissioner?—That is so; one at Kurrachee, and one in the Bagdad river, and one at Bushire.

5280. You stated the date with reference to the Governor's vessel; have the other vessels been recently set up?—No, I think not. (Mr. *Gay*.) They are not kept for the private use of these officers, but for general service.

5281. What sort of service?—It is difficult to say; carrying despatches or carrying stores, or any service on which they may be ordered; they are local vessels.

5282. Are they vessels adapted for carrying stores?—I cannot state exactly what purposes they would be employed upon.

5283. It was stated that one was 200 tons?—Yes; one is 204 tons.

5284. That would be a large size for a pleasure vessel, and a small size for carrying stores?—It is a local vessel, but I think not intended for a pleasure vessel at all.

5285. Sir *D. Wedderburn* (to Mr. *Harrison*).] It appears that all the naval duties outside the Indian Seas are undertaken now by the Admiralty, in consideration of certain payments?—That is so.

5286. But there is an exception in the case of the Persian Gulf?—No; that is also the fact in the case of the Persian Gulf. There are two local vessels employed in the Persian Gulf in aid of the naval squadron.

5287. Is there any special reason for keeping up these, distinct from the naval squadron?—I do not know the reason.

5288. Then you mentioned a sum of 20,000 *l.* that is included in the miscellaneous sum of 58,000 *l.*; would you kindly explain a little more clearly what that money is given for?—It is the amount of a debt due by the old Bombay Harbour Board, which on the constitution of this board on a new footing, which only took place since I left India in the autumn of last year, was remitted by the Government.

5289. Remitted as a bad debt?—Quite so, in order not to overburden the new Harbour Board with debts belonging to the past state of things.

5290. Then is there any considerable difference between the constitution of the present board and the old one?—In principle, I think not. It was intended that they should have a fresh start, and it was a condition that the sums

necessary

necessary for the service of the port should be raised by charges upon the trade.

5291. Is this a Government board?—It is so.

5292. Composed of Government officials?—Not, I think, entirely, but it is under the presidency of a Government officer and constituted under a local Act.

5293. You are not able to state with regard to the crews of these ironclads, how they are recruited; whether they are European sailors, or whether they employ native artillerymen? —No, I am not able to say; I think I do know so far that artillerymen, gunners, are detached for service on these ironclads when required for exercising the guns, but not permanently attached.

5294. Gunners from the Royal Artillery?—From the garrison, I presume.

5295. Mr. *Eastwick.*] Are you quite sure that there are not expenses which are not brought at all into these charges; for instance, take the "Amber Witch," is not that charged in the telegraphic accounts?—I referred to the "Amber Witch," as being employed on telegraphic service at Kurrachee; I spoke of one vessel of 600 tons.

5296. That would be extra to this?—No, I think it is this one.

5297. And are you sure that the "Comet," the little steamer that runs up and down, is not charged in the Bagdad Residency accounts?—No, it is not included.

5298. *Chairman.*] Are there no expenses in respect of the vessel entered there?—None.

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5299. Mr. *Eastwick.*] Could you give us a statement showing what the expense of the Indian Navy was exactly, and what the expense of the new establishment, including these monitors and everything, is?—Yes, I can do that.

5300. Is it not the case that with regard to officers lent by the Admiralty for these monitors, part of their pensions is charged to the Indian accounts; do you know whether there is any arrangement by which the sum to be paid for the use of the officers will include a per-centage for their half-pay or pensions?—The pay of the officers is paid directly to them in India, not through the Admiralty; a salary of 720 *l.* a year is paid to the commanding officer of each of these.

5301. *Chairman.*] Do you know whether they will be half-pay officers in the Navy, and whether they get their half-pay in addition to the 700 *l.*?—I am not informed, but I presume not.

5302. Will you ask for the Despatch or Minute regulating the service in these monitors?—Yes.

5303. Mr. *Eastwick.*] With regard to the vessels in the Persian Gulf, is it not the case that the Admiralty vessels are not employed continuously throughout the year; that during the unhealthy months they are away, and that in that time the Resident requires a vessel in case he should have to move to Bahrein, or any other place?—That may be the reason for the employment of local vessels in aid of those of the Royal Navy.

Friday, 10*th May* 1872.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Sir Thomas Bazley.	Sir James Elphinstone.
Mr. Birley.	Lord Edmond Fitzmaurice.
Mr. Stephen Cave.	Mr. Lyttelton.
Mr. Charles Dalrymple.	Mr. John Benjamin Smith.
Mr. Dickinson.	Sir David Wedderburn.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, re-called; and further Examined.

Mr. *E. F. Harrison* and Mr. *E. Gay*.

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5304. *Chairman* (to Mr. *Harrison*).] WE left off at the Madras Police, which, I think, were finished; we can now therefore go to the next item of the Police Expenditure, which is at page 41 of the Account before us, will you now be good enough to inform the Committee what was the expenditure of the police force in Oude in 1856-57 as compared with that of 1870-71?—In 1856-57 the recorded expenditure was 28,000 *l.* for the executive police force; in 1870-71, the expense was nearly 90,000 *l.*, namely 89,800 *l.*

5305. Can you explain in what manner this increase has arisen?—In the first place, the account for 1856-57 is incomplete, owing to the Rebellion and the destruction of records, therefore this amount is not the true cost; it is somewhat short of the true cost; but in that year the province was, in fact, in military occupation, and the police force was undeveloped.

5306. It had then only been recently acquired?—Quite so.

5307. When was the new force organised for which the present charge is made?—The new force was organised in 1861.

5308. On what basis?—The number was 8,523, the cost being taken at 141,200 *l.*; a reduction was made in the following year, the number being fixed at 8,263, costing 136,700 *l.*; further reductions have since then been made, the number actually employed at the present time being rather under 6,000. In the arrangement made at Madras, it seems to have been assumed that the force would rarely require to exceed one man for every five square miles of area, or one man for every thousand of the population; that seems to have been the sort of basis that was assumed by the gentlemen who reported on this subject.

5309. In Madras, in what may be called a well-populated district, the proportion is about 200 to a square mile, excluding the Hill districts?—That is so. The numbers which I have given for Oude seem to give about that proportion for area, and as to population the number was one to rather less than 2,000, showing the force to be moderate on the Madras basis for the population

5310. Does the population run now so high as 450 persons per square mile; it seems a very heavy ratio?—I have a Return which was made some time ago to Parliament, in which the population of Oude is returned at 8,800,000, the area being 53,000 square miles; but I think that in that Return there must be some mistake, for in a more recent one, which I have before me, which is based on the best information at present available, the population is taken at 11,000,000, and the area at about 24,000 square miles.

5311. Is that only the cultivated portion, or is it the whole?—That is the entire area.

5312. Does not it strike you as being a very high rate of population?—It is very high; the greater part of Oude is certainly very densely populated, but I should have supposed that a large part of the northern districts is not. The province is about 270 miles in length, by 160 in breadth.

5313. Can you explain whether at that time any arrangement was made for reducing or dispensing with any of the irregular or regular forces in Oude?—I think, in the case of Oude, that you cannot make that sort of comparison from the circumstance that the province was entirely in military occupation.

5314. But no scheme was put forward indicating a proposed reduction?—No.

5315. Then go to the Central Provinces and state what the charge for the police was in 1856-57, as compared with 1870-71?—In 1856-57 the expense was 35,900 *l.*, and at the present time it is 109,000 *l.*

5316. How has that increase arisen?—The separate administration of the Central Provinces was constituted in the year 1861. At this time the reorganisation of the police was being generally proceeded with.

5317. Was it there regarded as to any extent a substitution for irregular or regular military forces?—It was. At that time there were several bodies of semi-military police. The Nagpore irregular force consisted of one cavalry regiment and three regiments of infantry, each 1,000 strong, and one light field battery, costing 64,000 *l.* There was a body called the Moolkee Horse, 700 strong, and there were 3,000 civil policemen, called Burkandazes.

5318. A kind of irregular police?—Yes.

5319. Not

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5319. Not organised?—They were completely organised but on a different system. The cost of the civil police I have mentioned was 42,000 *l.* Then in the Saugor and Narbudda districts, which were added to the Central Provinces administration, there was a body of 450 horse and 2,522 foot military police, and there were 2,000 civil police, costing 65,000 *l.* Then in the Sumbhulpore district, which has also been added to the Central Provinces, there was a Sebundy levy, 500 strong, and 80 civil police, costing 8,700 *l.*

5320. The Sebundy was an irregular military force?—They had a semi-military organisation. There is also a Sebundy levy of 100 at Seroncha, costing 760 *l.*, making a total force of 13,300, costing 180,900 *l.*

5321. What was the force that was substituted for all these?—In the place of all those there was a force constituted of 6,974 of all grades, costing 112,220 *l.*

5322. What is the force now employed?—The force actually employed in 1870-71 was 7,319, at a cost of 113,680 *l.*

5323. Does that include inspection and general supervision?—It includes the inspector-general and all charges.

5324. What is the proportion of police to area and population in the Central Provinces?—Here the proportion to area is one to ten square miles, and one to 942 of the population.

5325. A very large amount of the Central Provinces is hilly, and not cultivated?—That is so; it is very sparsely peopled.

5326. What is the state of the expenditure of the force in Burmah, as compared with 1856-57?—In Burmah the cost in 1856-57 was 56,870 *l.*, against 109,800 *l.* in 1870-71. The revision of the police in Burmah commenced in the year 1860, when it was reported upon by Colonel Bruce, who had been engaged in inquiries in some other provinces, and Mr. Temple, and they found that there was a force altogether of about 7,000 men, costing 107,000 *l.*

5327. That was not, I suppose, an organised force, but one consisting of various elements?—It was so.

5328. Can you give a description of them?—It included a portion of the Aracan local battalion and the Pegu light infantry; those both had a military organisation. The Pegu light infantry was a recent levy made after the annexation of the province a few years before. There was, contemporaneous with this arrangement, a large decrease in military charge. The decrease was to the extent of four companies of European artillery, two horse field batteries, seven regiments of native infantry, and two companies of sappers and miners.

5329. What was the nature of the police force by which these irregular and regular military forces were superseded?—The complete force was to cost 102,650 *l.*

5330. And how many people was it composed of?—The total force of all grades then established was 3,224, to cost 102,600 *l.* On the present scale the number is 5,353 of all grades, the cost being 106,099 *l.*

5331. Has there been any change in the rate of pay in Burmah?—There was an increase made in the rate of pay of the force in 1866. It was then brought to the notice of the Government that the pay of the constables was insufficient; the lowest grade was paid at the rate of 10 rupees a month, and in some districts the rate was nine, while the wages of the lowest description of labour were higher, and in consequence the best men left the service, and the quality of the force suffered. An increase was allowed, making the minimum rate 10½ rupees, and a slight improvement was made in the grades immediately above them, the additional cost being 2,400 *l.* The scale at present is 2,711 constables at 10½ rupees, 1,331 constables at 11½, and 559 at 12 rupees, these rates are considerably higher than the rates obtaining in Oude and some other provinces. But it may perhaps be inferred that these rates are not too high in Burmah, from the fact of the large number of discharges observable. I find that out of 5,560 men on the rolls in 1869, upwards of 1,100 men were discharged at their own request. The proportion or police seems to be about one to 418 of the population, and one to 16 square miles, as compared with the area. A large portion of British Burmah is uninhabited, consisting of dense forest and swamps.

5332. What was the state of the police in Bengal in 1857 as compared with the present time?—The cost of the district executive force of Bengal in 1856 is returned at 115,700 *l.*

5333. What is it now?—At the present time 415,200 *l.*

5334. What changes have taken place to produce this great increase in expenditure?—The condition of the Bengal police was inquired into, in 1861. At that time it was found that the whole force, criminal police, revenue police, river police, road and ferry police, chupprassees, customs police, cantonment, dacoity police, and military police formed a total of 35,920 in strength, the cost being 382,500 *l.*

5335. How does that expenditure compare with what you stated as the expense in 1856-7; does that earlier expenditure not include all these varied police?—No. In the strength which I have just mentioned of 35,900 men, there are 13,000 at once of military police

5336. What was embraced in the small sum that you mentioned under the head of police in 1856-57?—That is the criminal police, under the jurisdiction of the magistrates of the district

5337. That alone would appear in the accounts?—That alone would appear in the accounts, and it appears in 1861 to have amounted to 13,400 in strength, the cost being 158,000 *l.*

5338. Then, in the revision, the whole of the police was brought together into the large force that you have stated?—Quite so. In addition to this it was estimated in 1861 that a reduction could be made in the local military force in Bengal to the extent of a portion of the Kamroop regiment, 780 strong, costing 15,600 *l.*, two Assam local regiments, 1,890 strong, costing 37,800 *l.*, the Assam local artillery of 112 men, costing 22,400 *l*, and the Sylhet light infantry, 1,347 strong, costing 26,940 *l.*; the Allipore regiment, 840 strong, costing 16,800 *l.*, and the Bhagulpoor hill-rangers, 419 strong, costing 8,380 *l.* The total of these levies was 3,388 in strength, the cost being 107,760 *l.*, or this strength being added to that of the police that I gave in the first instance, would make the grand total of 41,308 in numbers, and 490,308 *l.* in cost. It was held as the result of this inquiry that a revision and recast of the police arrangements was necessary, apart from considerations of economy.

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5339. Then was it all brought into one organised force?—It was then all brought into one force.

5340. On what scale was the expenditure?—The attempt was made to limit the scale to 400,000 *l.*, which was supposed in the first instance to be sufficient, but the result was that it was thought that so large a reduction could not be made, and the charge has never until 1871 been so low as 450,000 *l.*

5341. What is the relative proportion of police to population?—I find the proportion of the numbers of the police force to population is one to 1,424, and one to about 7½ square miles as compared with area.

5342. What is the pay of the police force in Bengal?—In Bengal the pay of the constables is 9 rupees, 8 rupees, and 7 rupees monthly.

5343. Has there been found any necessity for raising the scale within a recent period?—No, not any increase on the scale adopted at the time of the reorganisation; but many of the police in existence before this time were paid as low as 4 and 5 rupees monthly; 4 rupees was an ordinary rate of the old district police.

5344. Then they were employed in various duties, not all in the same responsible duties as the present police?—There were various classes; those classed as criminal police were employed, although under a different system, in the same duties; they were distributed in police stations throughout the magistrate's district, under the superintendence of a native police officer, and were employed in the detection of crime and apprehension of criminals.

5345. But the others were variously employed?—Quite so.

5346. Mr. *Dickinson.*] Have you stated the number for Bengal?—Twenty two thousand six hundred and forty.

5347. That represents the 415,200 *l.*?—Yes.

5348. *Chairman.*] Now will you go to the North Western Provinces, and state what was the expenditure in 1856 as compared with the present time?—In 1856 the cost for the district force in the North Western Provinces was 126,000 *l.*, and at the present time it is 275,000 *l.* In the North Western Provinces there was a large body of military police at the time that the re-organisation of the force was taken in hand, and this was not then entirely done away with; it was still thought necessary in those provinces to retain a stronger military element. In July 1859 the force was as follows: there were 17,300 in numbers of the criminal police, costing 135,737 *l.*; there were 86 river police, costing 467 *l.*; there were 1,324 road police, costing 5,181 *l.*; there were 1,202 cantonment police, costing 10,134 *l.*; there were 1,504 dacoity police, costing 18,400 *l.*; and 26,510 military police, costing 455,352 *l.*; the total number being 47,926, and the total cost, 625,271 *l.*

5349. Was there a change made in the organisation of the police at that time?—It was made in 1861; and at that time two bodies of the old military police were retained, the Ajmere military force and a special force in Kumaon and the Terai; the Ajmere corps had done special service during the events of 1857; they had protected the English residents at Nusserabad and Ajmere in the rebellion of the troops at those places, and on this ground there seems to have been a pledge that the corps should be formed into a regiment.

5350. That was kept up?—It was kept up, and recently the regiment has been brought into the line as a native infantry corps.

5351. What was the whole cost of the old force?—£. 625,271. The number of men actually employed at the beginning of 1870, was 23,212, and considerable reductions were made in the course of that year, the number at the close of it being only 19,600 *l.*

5352. What would be the proportion to population and area in the North West Provinces?—I should perhaps mention that that number ought not to be exactly compared with the cost, as the number at the commencement of the year was very much larger; it was 23,000 at the beginning, and 19,000 only at the end. The proportion to population is almost exactly 1 to 1,300 and to area 1 to 3½ miles.

5353. How does the pay of the ordinary policeman compare with that of the other provinces; do you know what is the rate?—The rate of pay of constables is 7, 6, and 5 rupees a month.

5354. What was the state of the police in the Punjab in 1856, as compared with the present time?—In 1856 the cost was 86,000 *l.* for the district force, but in addition to that there was the military police, 171,000 *l.*, making the total cost 257,000 *l.* in 1856. At the present time the cost is 241,900 *l.*

5355. Has any revision taken place of the Punjab police during that time?—The force was revised in 1861.

5356. What was then the service that was to be superseded by the new police?—The old force consisted of criminal police, 11,435 in number, 107,484 *l.* being the cost; the river police, 666 in number, costing 4,767 *l.*; the road police, 110 in number, costing 582 *l.*; the cantonment police, 407 in number, costing 6,134 *l.*; the dacoity police, 98 in number, costing 1,164 *l.*; military police, 19,152 in number, costing 313,215 *l.*; the total number being 31,868, and the total cost, 433,346 *l.*

5357. What was the establishment that was to be substituted for these varied forces?—The total number is 19,938 of all grades.

5358. And what was the actual force in 1870–71?—The average actual strength was 19,440.

5359. And that would comprise some Europeans?—Out of that 49 were Europeans, six of mixed descent, and the whole of the remainder were natives.

5360. Mr. *Dickinson.*] What was the cost?—About 250,000 *l.*, including superintendents; the executive force cost 241,970 *l.*

5361. *Chairman.*] What is the scale, the ratio of the police to the population?—It appears to be about one man to 1,156 as compared with the population, and one to seven square miles as compared with area. The pay of the constables is 6 rupees and 5¾ rupees monthly.

5362. What has been the relative expenditure for the police in Bombay in the two periods?—In Bombay the expense in 1856 was 216,700 *l.*, and in 1870–71 it is returned at 353,168 *l.*

5363. What has been the change in the police in Bombay which has led to this increase of expenditure?—The police force of Bombay was reviewed in 1861. The old force was taken for the purpose of forming the basis of the new arrangements as follows: the criminal police, 23,684 in number, costing 284,853 *l.*; river police, 126 in number,

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number, costing 2,659 *l.*; dacoity police, 80 in number, costing 2,000 *l.*; cantonment police, 400 in number, costing 4,920 *l.*; and military police, 6,598 in number, costing 102,536 *l.*, making a total of 30,888 in number, at a total cost of 396,968 *l.*

5364. What is the establishment that is to be substituted for it?—The total number of all grades at present is 16,877, the proportion to the population being 1 to 783.

5365. Mr. *Eastwick.*] When you say proportion to population, you exclude all native States of course?—Yes.

5366. Mr. *Dickinson.*] What is the proportion to the area?—The area of Bombay I take at 131,300 square miles; that would be about one to eight square miles.

5367. *Chairman.*] What is the rate of pay of the Bombay police?—The rate of pay of the constables is 10, 9, 8 and 7 rupees monthly.

5368. Is there not in Bombay a considerable establishment of police in addition to the organised police?—There is. The amount which I have given as the total cost of the police includes 33,570 *l.*, the value of grants in lands and villages to police who are not included in the number.

5369. You have included that in the expenditure?—Yes.

5370. And is the expenditure for any irregular police or police paid out of local funds included in what you have stated?—That does not include the town police.

5371. But is that town police paid out of the Imperial funds or out of local funds?—The town police for the town of Bombay is paid three-fourths from local rates.

5372. Do you bring the whole charges to account and take the receipts from local rates as a part of the receipts for the year, or do you only put in the actual sum paid by the Government?—In Bombay and Calcutta the amount is the actual sum paid by the Government towards the town police; I am speaking of the Calcutta and Bombay town police. In other towns in the Presidency in which the municipal body pays a part or the whole of the town police, the whole charge is shown in this part of the account, and will appear as a police receipt on the other side.

5373. That is the payments by the towns will appear as police receipt?—That is so, but those are not included in the account of the district executive force, of which we are speaking to-day.

5374. Do you mean you have not included the expenditure for these various special police services in the sums which you have given us?—No, I have not. The total police charge for Bombay is 383,000 *l.* We are dealing with 353,000 *l.*, the cost of the district force.

5375. Could you state shortly what is the expenditure of the Imperial Government for police, in addition to the expenditure for the regular police that you have mentioned?—Besides the regular district police there is in the North Western Provinces a military police, costing 14,796 *l.* Under the Government of India there is a Thuggee and Dacoity police, costing 9,119 *l.*, and the Government railway police, costing 485 *l.* It is really only a portion of the police employed on the East Indian Railway, the major part of which is under the head of Bengal.

5376. Mr. *J. B. Smith.*] Is it necessary to keep up this establishment for the suppression of Thuggee?—I hardly think that I am sufficiently acquainted with the reason for maintaining that police as a separate force to answer the question.

5377. *Chairman.*] Could you give generally what has been the additional expenditure in the provinces for any special police?—In Oude there is a charge of 12,951 *l.* for municipal and village police. In the Central Provinces there is a charge of 16,291 *l.* for the Thuggee and Dacoity police, and 9,500 *l.* for the municipal police.

5378. Is that Dacoity police connected with the gaol establishment, or the Dacoity establishment of the Central Provinces?—It is almost entirely a charge for the School of Industry, as it is called, at Jubbulpore; an industrial school for the Thugs. A considerable part of this is recovered by the sale of their manufactures; it is a well known tent manufactory. Then in British Burmah the municipal police cost 22,566 *l.*, in Bengal the municipal police cost 20,717 *l.*, and the Government railway police 8,926 *l.*, and what are called the Mofussil town police 27,812 *l.*

5379. Mr. *Eastwick.*] The towns in the district, that is to say?—The head quarter stations in the district; they are constituted under a different legislative Act of the Government from the other municipal police, and so they are separately stated in the account. In the North Western Provinces I have already mentioned the military police costing 14,796 *l.*, in addition to which there is 168 *l.* for Dacoity police, 1,000 *l.* for the Kumaon police, 27,000 *l.* for municipal police, and 10,498 *l.* for Government railway police. In the Punjab there are the following charges: 341 *l.* for the Thuggee and Dacoity police, 42,131 *l.* for municipal police, 4,908 *l.* for railway police. In Bombay there is 6,028 *l.* for municipal police, and 4,542 *l.* for railway police.

5380. Mr. *J. B. Smith.*] Is that charge for railway police, for police that are employed while the lines are being constructed?—No; it is on the completed lines. The railway companies had a police force of their own, and it was thought better that this force should be under the same general superintendence as the district police, and an arrangement was made by which the railway company bears three-fourths of the cost, and the Government one-fourth, the police being organised in the same manner, and being subject to the same general authority as the ordinary Government police.

5381. *Chairman.*] Do the Government receive back from the railway the expenditure that is to be recouped?—That is so.

5382. It would appear as a receipt in the accounts?—Yes.

5383. Mr. *J. B. Smith.*] Then, I understand, that this is the total charge of the police that you receive three-fourths of?—Yes.

5384. Mr. *Birley.*] I understand that the Government have the management and oversight of the railway police, and that the railway companies repay three-fourths of the cost to the Government; is that so?—That is so.

5385. Then about the Thuggee and Dacoitee police, is that simply a sort of detective force for murder and robbery?—It is mainly a detective department.

5386. Then it is organised under a different management?—It is under a different superintendence from the ordinary police.

5387. Do you know whether the crime of Thuggee is nearly extinguished or is flourishing?

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ing?—My impression is that it is greatly diminished, but that it is by no means extinct.

5388. Probably it is necessary to exercise vigilance still in many parts?—I have no doubt it is. The operations of this department extend to more than one class. There is an organised system of decoying and poisoning travellers on the great lines of communication, and it is done by persons who have made this a regular means of livelihood, but who do not belong to the class which we know by the name of Thugs.

5389. This is a sort of detective department, these being very peculiar, and not only peculiarly atrocious, but peculiarly subtle modes of crime?—That is so

5390. *Chairman.*] You need a separate establishment, probably, to make comparisons of what occurs in various parts of India, and those comparisons can only be made by one general superintendent of the whole; is that so?—That is the principal reason.

5391. Mr. *Eastwick.*] Dacoity is gang robbery?—Yes; gang robbery by persons who make it a profession.

5392. Mr. *Dickinson.*] Do I rightly understand that the police are all under their own government?—That is so

5393. Does a warrant from one Presidency pass through the whole of India to these bodies?—I do not think I can speak with certainty as to that; it requires to be backed, but I could not speak with certainty as to the process.

5394. As regards the police, the system is one of separate government?—Yes.

5395. And each head of the police is the head of the police simply within his own province?—That is so.

5396. Reporting to his own government?—Yes.

5397. There is no head of the police for the whole of India, only the Governor General in Council?—That is so.

5398. Are the establishments on the same footing throughout the different provinces?—They have been fixed on the same general principle.

5399. The same gradation of rank?—Generally the same; there is a difference in Bombay, which I have noticed on a former occasion; there is no inspector general in that province, the general superintendence being in the hands of the Revenue Commissioners.

5400. Is the proportion of officers and serjeants to men about the same?—The proportion of superintendents to the strength of the force will be larger in Bengal, owing to the smaller size of the revenue districts: the police districts are conterminous with the ordinary revenue districts, and there is a superintendent of police for each collector's district.

5401. Are the collectors' districts conterminous with the magistrates' districts?—They are.

5402. And is the police under the magistrate?—Yes.

5403. The superintendent would be under the magistrate and collector?—Yes.

5404. So that the division of the collectorates determines the police division?—It does.

5405. As regards native States, how is it arranged about our police entering into native States, or do they enter into them?—I have no information about that.

5406. Sir *T. Bazley.*] Do you know what proportion of the expenditure in police is applied in payment of the common policemen, and what proportion in payment of the superior officers and superintendents?—That has been returned to Parliament in a Return which was made in the year 1866; to take the Lower Provinces of Bengal, as an example, in 1866 the total cost of officers is returned at 170,094 *l.*, the total cost of the pay of the rank and file being 222,140 *l.*, and the expenditure, not including the pay, 67,570 *l.*

5407. Mr. *Eastwick.*] When you say officers, whom are you meaning?—This includes the pay of the inspector general of the province, of the deputy inspectors general of the several divisions of the province, the district superintendents, who are European officers, and assistant superintendents, who are also European officers, the inspectors, who are paid from 250 rupees to 100 rupees monthly, each, and the sub-inspectors, who are paid from 80 rupees to 50 rupees.

5408. *Chairman.*] Those are commissioned and non-commissioned officers?—Yes.

5409. Sir *T. Bazley.*] Can you state the proportions paid in any other provinces?—I have prepared a paper making the comparison in a different way, stating the cost of the superintendents and assistant superintendents separated from all the lower grades; I can give it in that form. In Oude the cost of the superintendents is 10,440 *l.*, and of the lower ranks 72,232 *l.*; in the Central Provinces the cost is 15,000 *l.* of officers, and of the lower ranks 80,557 *l.*; in Bengal the cost is 56,880 *l.* for officers, and 306,867 *l.* for the lower ranks.

5410. What is it in Bombay?—£. 23,400 for the officers, and 262,000 *l.* for the lower ranks.

5411. Do you know why Bengal is higher relatively than others in payment for the superior officers, as compared with the rank and file?—It is owing entirely to the cause that I have mentioned, that there is a district superintendent of police for every revenue or magisterial district, that these are smaller in extent in Bengal than in Bombay, and the strength of the police force being determined on more general considerations of population and area; there is a larger number of superintendents to the same force.

5412. Sir *D. Wedderburn.*] It is only in the North Western Provinces that a separate charge appears for military police?—That is so.

5413. But is it not the case that the district executive police generally might be said to have a semi-military character?—They have a certain degree of military organisation and drill

5414. And are they not armed with firearms in the other districts besides the North Western Provinces?—Only partially.

5415. And are the police stations not fortified or strengthened in order to resist attack?—Not generally.

5416. Not in the Punjab?—I am not aware; it is not the case generally.

5417. There was at one time, I think, a design of making the police stations all over India a sort of harbours of refuge in case of an outbreak?—Yes, I think so.

5418. But that has not been carried out?—No

5419. Then under the head of Thuggee and Dacoity Police in the Punjab, I find an item of 341 *l.*, but there used to be, near Lahore, a considerable establishment where a number of Thugs were detained; do you know if that is still kept up?—No, I am not aware.

5420. Would

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5420. Would the expenditure for such an object appear under that head, or would it appear under the head of gaols?—There appears in the Punjab to be under this police head of account, a charge of about 340 *l.*, which represents the subsistence and clothing and a small establishment, as well as the cost of raw materials for an establishment of this kind at Lahore.

5421. It is maintained?—It appears to be maintained at a small cost.

5422. Lord *E. Fitzmaurice.*] Is the police expenditure likely to increase, or do you imagine that it will decrease in coming years?—After the general revision of the police in 1861 there appears to have been a tendency to increase in more than one province, and the charge had grown in the course of the six or eight years succeeding, but within the last two or three years it has been brought back again to the limit fixed in the Inquiry of 1861, and I am not aware of any reason for believing that this appropriation of money is not sufficient for police for the future.

5423. Is not the expenditure on police likely to increase for this reason, that, in proportion as the country becomes more settled and civilised, duties that are now performed by the military will be tranferred, and are being transferred, to the police?—That cause seems to have had its full effect, or very nearly its full effect already.

5424. Am I not right in supposing that Sir Richard Temple in one of his Budget statements not more than two or three years ago anticipated a further increase of charge owing to the reasons to which I have just now alluded?—I do not remember.

5425. You yourself anticipate that, so far as you can judge, that cause has had its full effect, and that there is no further room for increase. The reduction on the military charge, I suppose, at all events, is likely to be greater in amount than the increase on the police charge?—That will be so.

5426. Mr *Eastwick.*] Do you see any likelihood of economy; might there not be an economy made in reducing the number of officers as compared with that of the rank and file?—That has been done, and probably to the full extent at present practicable.

5427. You think that it could not be carried any further?—Not at present; what has been done has been to do away in a very great measure with the rank of assistant superintendent.

5428. But I would like to ask whether, in Bengal, where you say the districts are small, and therefore the number of officers greater, by putting two districts for instance under one inspector you might not reduce the number of inspectors?—It is possible that that might be done, but there would probably be practical inconveniences in having a different range of jurisdiction for the district superintendent from that of the magistrate with whom he works; but as far as the size of the district, and the number of the force to be superintended are concerned, it would seem probable that a different arrangement might be attended with economy.

5429. Then might not another economy be possible, that is where our districts are conterminous with native states, could we not reasonably ask the native states to take the police superintendence of the frontiers; for instance Gwalior, or any other such state, might we not reasonably put the expense upon them; has that been considered at all?—Not that I am aware of.

5430. In these charges for the police, is everything included, the expense of arms, accoutrements, clothing, police buildings, and, in fact, everything?—Everything except the buildings.

5431. The arms are included?—The arms and accoutrements are included.

5432. I would like to ask whether you could furnish a statement, which would be very valuable to us, and which we could not draw out for ourselves, of the total cost of the police, with any deductions; you say that in some places there are certain things to be deducted; could you give us an exact statement of the total cost of the police, including buildings, and at the same time putting in any per contra accounts that there might be?—The distinction as to buildings will be this, that whatever works or buildings are executed by the department of public works will not be in this part of the account; but repairs, or petty construction of buildings, undertaken by the officers of the department, will be included in the police expenditure.

5433. And are pensions included here?—No.

5434. Then it would be a valuable statement if you could make it of the total cost of the police, including pensions, buildings, and everything, and making any sets-off that are to be made, in order to see what the total cost of the police is; could you do that?—Yes.

5435. Sir *D. Wedderburn.*] You said that a portion of the police had firearms; can you state at all what proportion?—No, I do not think that I can.

5436. Are the remainder armed with batons merely?—That is so.

5437. They do not carry swords?—No, not ordinarily.

5438. And as to those regular and irregular forces that were disbanded when the new organisation took place, do you know whether the men of those forces were incorporated to any extent in the new police?—They were, many of them.

5439. And were the rest pensioned, or how were they got rid of?—Some are pensioned; a large number were discharged with a small gratuity of three or four months' pay.

5440. Mr. *Dickinson.*] Why is it that there is no charge for railway police in Madras?—I do not know why it is, but they have not the same system at Madras.

5441. And why is it that in the Accounts, if you compare Bengal and Bombay, in Bengal we have a detailed account of the Government railway police, but in Bombay there is no such detailed account?—The account ought to be in greater detail for Bombay.

5442. *Chairman.*] We will go now to the education expenditure; can you state what was the charge for education in India in 1856–57, as compared with 1870–71?—The expenditure in 1856–57 for all India was 207,818 *l.* under these heads. In 1870–71, the total was 624,690 *l.*

5443. Can you state shortly what has been the cause of this large increase?—To take the principal heads of this seriatim, under the head of the Universities the charge in 1856 was 325 *l.*, and in 1870–71 it was 10,715 *l.* The amount of 325 *l.*, in 1856, represents a small charge for the Uni-

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versity of Calcutta, which was established in January 1857, towards the close of that year. The charge in 1870–71 consists of 4,587 *l.* in Calcutta, 1,290 *l.* in Madras, and 4,838 *l.* in Bombay. In Calcutta, out of 4,587 *l.*, three-fourths of the expenditure consists of the remuneration paid to examiners; the university is, in short, an examining body.

5444. Mr. *J. B. Smith.*] Are all the examiners Europeans?—Not all. Against this expense there are fees which candidates for examination are required to pay, which, in the year 1869–70, amounted to very nearly 4,000 *l.* I have not got the figures for 1870–71, but in the previous year they amounted to nearly 4,000 *l.*, which was sufficient to cover the greater part of the expenses. In Madras the expense is stated at 1,290 *l.*, but this account is the net charge to Government; the total charges were 3,369 *l.*, and the receipt from the fees 2,079 *l.*, making the net charge 1,290 *l.* In Bombay the examiners' fees amounted to about 3,500 *l.*, out of a total charge of 4,800 *l.*

5445. Mr. *J. B. Smith.*] Would it not be better to have one uniform return; it seems in some cases you give the gross expense, and in other cases you give the expense, minus the sums received for fees?—That is so; it is inconvenient.

5446. Would it not be better to have one mode of making the return?—Certainly it would be better. This form of stating the account appears to have been preferred at Madras, and the practice has not been interfered with.

5447. *Chairman.*] What is the next head of expenditure?—The next head is that of general superintendence.

5448. What has been the increase in the charge for general superintendence? — From 87,612 *l.* in 1856, to 130,763 *l.* at the present time.

5449. What has that arisen from?—In Oude there was no charge in 1856, at the present time the charge is 6,203 *l.*, which represents an expense of a director of public instruction, two inspectors, and 10 deputy inspectors; the pay of the deputy inspectors varies from 96 *l.* to 180 *l.* a year. In the Central Provinces the cost has increased from 3,413 *l.* to 8,342 *l.* The present staff was organised in 1862, and it represents the expenses of the director general, three inspectors, and 19 deputy inspectors. In Burmah the total cost is 1,600 *l.*, and there is in that province a director of public instruction, whose salary is 1,200 *l.*

5450. Is that altogether new?—That is altogether new. In Bengal the expense under this head has increased from 17,473 *l.* to 28,530 *l.*

5451. What has that arisen from?—This has arisen from the extension of the duties; the pay of the director of public instruction is unaltered.

5452. What is that pay?—£. 3,000 *l.*; the pay of the inspectors is little altered The number of them has increased from four to seven. There is an additional number of deputy inspectors; the expenses of the director's office have also increased.

5453. Then in Madras?—At Madras the increase is from 8,660 *l.* to 17,578 *l.*

5454. What has that arisen from?—The increase of inspectors entirely. There has been a reduction in the salary of the director of public instruction; it is now 2,400 *l.*, and in 1856 it was 3,000 *l.*

5455. And at Bombay?—In Bombay the expense has increased from 10,329 *l.* to 21,145 *l.*

5756. What has that been occasioned by?—There has been an increase in the number of inspectors from three to four, and of deputy inspectors from 11 to 26.

5457. And what has been the state of the North Western Provinces; has there been any change in the expenditure or establishment in the north-western provinces?—In the North Western Provinces I have not got the amount of the charge for superintendence separately; it is combined. I can only compare the whole charge for education which in 1856–57 was excluding the amount of grants in aid, 38,306 *l.* as against 68,659 *l.* at the present time. In the North Western Provinces there is a director of public instruction with a salary of 2,400 *l.* rising to 2,700 *l.*, and three inspectors with salaries from 900 *l.* to 1,800 *l.*, and three assistants.

5458. Going to the next head of expenditure, what has been the expenditure on colleges?—The expenditure on colleges has increased from 41,361 *l.* in 1856–57 to 85,760 *l.* in 1870–71.

5459. Is that from the establishment of new colleges, or the extension of the old ones?—In Bengal at the present time there are nine principal Government colleges, including the civil engineering college which was founded in 1856, and Sanscrit and Arabic colleges.

5460. But are there colleges in other provinces also in this charge?—There are. In the North Western Provinces there are four Government colleges.

5461. What is the charge?—The charge is 18,946 *l.*

5462. Mr. *Cave.*] Are there any of those civil engineering colleges in the North Western Provinces. I see some specified in returns from Madras and Bengal for instance, and in others they are not specified?—The four colleges I have mentioned in the North Western Provinces are for general education.

5463. What sort of education in engineering is there in those colleges?—There is no provision for an engineering education in these colleges; there is a special college for civil engineering at Roorkee, in the North Western Provinces, in connection with the department of public works.

5464. *Chairman.*] Do you know whether the cause of this extension of the expenditure is to be found in new colleges or in increased numbers of the old colleges?—At the beginning of this period there were only three colleges, at Agra, Bareilly, and Benares: the fourth at Ajmere has been recently established; the number of students in the older colleges has also increased.

5465. Will you go on with the next item of expenditure under this head?—The next principal item is that of the higher class schools, the cost of which in 1856–57 was 36,559 *l.*; in the later years it was 64,568 *l.*

5466. Can you explain whether that has arisen from additional schools, or merely the extension of education?—It has very largely arisen from the addition to the number of schools for the higher classes.

5467. Do you happen to know the number of persons who have been educated in the one period and the other?—In 1856–57 I find that in Bombay there were 14 Government schools of the higher class, English schools, with 2,795 pupils; and there are now 12 of what are classed as high class schools, with 46 middle class schools, and

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and 111 middle class schools of a lower grade, having an English class, showing a very great extension. In Bengal there were of the higher class English schools in 1870, 142, having 21,932 pupils on their rolls.

5468. You cannot compare it with the state of things in 1856-57?—No.

5469. Mr. *J. B. Smith.*] Cannot you furnish a return of the number there are now in the different classes?—I found great difficulty in getting the numbers in 1856.

5470. You could furnish a return of the numbers at the present time?—That I could do.

5471. *Chairman.*] Have you got the total for the whole of India in the higher class of schools? —I do not think that I have brought them together.

5472. What was the expenditure of the lower class schools in 1856, and what is it now?—The expenditure of the lower class schools in 1856 was 14,166 *l.*, as against 95,648 *l.* at the present time.

5473. I presume that is chiefly from the extension in the establishment of new schools?—That is so.

5474. Can you give us the number in those schools, either in any one province, or in the whole?—In Bengal, in addition to the number that I have already given, there are 605 middle class English schools, having 30,669 pupils.

5475. Do you mean higher class schools?—No; in addition to the number given as higher class schools, there are 605 middle class, having 30,669 pupils; 834 middle class vernacular schools, having 41,757 pupils, and 1,620 lower class vernacular schools, having 49,187 pupils.

5476. What is the cost of that in Bengal?—The cost of these was 31,196 *l.*

5477. What is the cost of the normal schools? —The total charge for the normal schools at the present time is 18,349 *l.*

5478. What was it in 1856?—In 1856, that only occurs in Bengal and Madras, the amount being 2,453 *l.*

5479. What is the next expenditure?—The next is that of grants in aid.

5480. What was it in 1856, compared with 1870?—In 1856 it was 13,618 *l.*, and in 1870-71 it was 167,780 *l.*

5481. These grants in aid, I presume, are to schools of various sorts?—That is so.

5482. Then are we to understand that the former items represent schools which are wholly maintained by the Government?—Not wholly in every case; partly by fees, partly in some instances by local endowments, and partly by local subscription or voluntary contributions.

5483. What is the exact distinction between the schools that you describe as higher schools, and lower schools, and normal schools, compared with schools to which grants in aid are given?—The distinction is this, that in the one case the aid is from outside, the school being essentially a Government school; in the other case the aid is given from Government to a school which is under separate management.

5484. Do you understand that, in the schools that are described here as higher and lower schools, the receipts from the pupils are accounted for to the Government as extra receipts?—That is so.

5485. And in the other case there is no credit; Government has nothing to do with the administration of the funds?—It has more or less power of supervision and control, but it does not administer the funds.

5486. It does not receive any funds, but merely pays certain sums in aid?—Yes.

5487. Now, going to the next item; what is that?—Scholarships and prizes.

5488. Are those special endowments?—They are in some instances, but they are, for the most part, scholarships and prizes allowed by the Government. Those that are provided by independent endowments do not in general come into this account.

5489. What has been the increase in this head?—From 4,110 *l.*, in 1856-57, to 23,784 *l.* in the later year.

5490. What is the next item?—The next item is the charge connected with book depôts, which in 1856-57 was 2,046 *l.*, in 1870-71, it was 15,399 *l.*

5491. What are these book depôts?—For facilitating the supply of books and school materials, slates, and so forth, to the schools or to the scholars, they having in general no means of purchasing on the spot the books that are required.

5492. Then is this the gross charge, or is the extra receipt paid into the Treasury?—There is some difference in the different provinces in the way of bringing this to account.

5493. In some the whole charge is made, and in others only the net cost?—That is so.

5494. Is there any other item?—There is a sum of 11,924 *l.* classed as miscellaneous.

5495. Can you give a short summary of the educational result of the expenditure at the present time in the number of scholars educated altogether under the different heads?—I will put in a statement giving this information.

5496. Mr. *Dickinson.*] Do these various heads enable us to know how much of the expenditure is for primary, and how much for secondary, education; for instance, "Schools, Establishments, and Contingencies," does that apply to primary education?—I think it applies to both; in that account there is not sufficient detail.

5497. Is there any expenditure for primary education besides the grants in aid and the superintendence?—No, not as a rule.

5498. I presume that the grants in aid depend upon inspection?—That is so.

5499. And is the cost of inspection under these items in any way connected with the higher education, or is it confined to primary education? —It applies to both.

5500. Does it extend at all over universities and colleges; are they inspected by the same class of people as inspect the primary schools?—The colleges are. The university is an examining body for granting degrees to the students of the colleges.

5501. Then the colleges are inspected by the same staff, or portion of the staff, as also inspect the primary schools?—That is so.

5502. I observe that the cost of inspection, of superintendence, rather (I suppose that is inspection) is 130,000 *l.*, and the grants in aid 127,000 *l.*, making the cost of superintendence larger than the grants in aid?—The grants in aid are 167,000 *l.*

5503. And what is the total cost of superintendence?—£. 130,000.

5504. Then the cost of superintendence alone over the whole expenditure for education is more than 20 per cent.?—Yes.

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5505. What is the duty of the director of public instruction?—The general direction of the whole educational system of the Province, the control in some degree of the expenditure of the various institutions, and the allocation or distribution of the funds made available for the general purposes of education.

5506. Is there the same system of superintendence throughout all the Provinces?—Yes, I think there is the same general system now in each of the Provinces.

5507. And each director reports to his own Government only, I suppose?—That is so.

5508. Do you consider that a director is necessary for each Province?—The extent of the duties of the director are very different in different cases.

5509. Has he much travelling, or is it chiefly office work?—Mainly office work.

5510. If it is mainly office work, do not you think that the number could be reduced?—Possibly.

5511. The inspectors again do their duties according to Provinces quite irrespective of the convenience of communication from one part to another?—Their circles are assigned with reference to considerations of facility of communication.

5512. Mr. *J. B. Smith.*] Is the English language taught in many of these schools?—It is.

5513. But not in all?—Not in all. In all that are classed as the higher and middle class schools English is taught, and in some of the lower class schools there is an English class, but the general character of the education in the lower class schools is not in the English language.

5514. These are schools conducted at the expense of the Government; are there schools besides which are carried on by the natives?—There are in addition to the schools represented in these accounts, a large number of schools more or less under the supervision and direction of the director of instruction in each Province, which are supported from local funds. In addition to that, in some Provinces there are schools entirely unconnected with the Government; that is especially the case in British Burmah, where there is a system of education in connection with the Burmese monasteries that has hitherto been almost unconnected with Government and unaided by Government money.

5515. Are the people pretty well educated then in Burmah by these institutions?—Primary elementary education is more generally diffused in Burmah than in most of our own Provinces.

5516. But we have, in addition to that, schools established similar to those in our other Provinces, have we not?—That is so.

5517. Sir *J. Elphinstone.*] That is so wherever the Buddhist faith is the religion of the country, is it not?—Yes.

5518. Lord *E. Fitzmaurice.*] There is no uniform system of grants in aid; the system is different in one part of India from what it is in another, is it not?—There is a wide difference between the systems in Bengal and Bombay in that respect, although the educational officers of Bombay, I have understood, consider that it comes to very much the same thing in the end. In Bombay they have adopted a system of payment by results, and the principal educational officers of Bengal seem to have thought this inapplicable to the circumstances of Bengal.

5519. In fact, the state of things might fairly be described thus, that in Bengal the system is very much like what the system was in England before the revised code; while in Bombay the system is very much like what it is in England since the revised code; in the one you have payment by result, and in the other the payment is made on a simple general inspection of the school?—I think that is so.

5520. Under these various headings of various colleges I see scholarships charged now; on what principle are these scholarships adjudged?—They are in every case tenable only during residence at the particular school or college for a limited time, and they are in every case granted as the result of an examination.

5521. The scholarships which formerly were given to natives to enable them to come to England to prosecute their studies for the Civil Service examination are no longer given?—So I have understood.

5522. I observe that the expenses in Bombay are 20,000 *l.* greater than they are in Madras. Is there any particular reason why the educational requirements of Bombay should be greater, or is that owing to their population being greater; in the one case it is 112,000 *l.*, and in the other case 92,000 *l.*?—It is due a good deal, I think, to the higher cost of the colleges, and the higher class education in Bombay.

5523. I suppose that there is a general tendency to increase the educational expenditure; I suppose it increases slowly and steadily every year?—It does.

5524. Can you give the Committee any idea of what the average increase has been, or is likely to be?—I think the increase has been dependent of late years entirely upon the amount of the funds which the Government have been willing to devote to this object, rather than upon the demand for education of the kind that is given by our schools.

5525. There is a tendency now, is there not, to think that the idea of attaching so much importance to teaching English of late years in India was rather overdone, and that it is of great importance to give them a good vernacular education before anything else?—I think there is some reaction.

5526. *Chairman.*] You said that the increase of Bombay over Madras was chiefly in consequence of the higher class schools. I think that it is in the lower class schools that the difference chiefly arises. In Madras the expenditure was 333 *l.*, and in Bombay 23,634 *l.* for the lower class schools. In the higher class the Madras expenditure is 14,800 *l.*, while that of Bombay is only 11,000 *l.*?—The colleges account for 5,000 *l.*, and the general superintendence and expenditure at Madras is 5,800 *l.*, and at Bombay 10,000 *l.*

5527. There must be some difference of system in regard to the lower schools in Madras and Bombay that one should cost only 333 *l.* and the other 23,634 *l.*?—In Madras it is generally in the form of grants in aid.

5528. The grants in aid in Madras being 37,000 *l.* as compared with 27,000 *l.* in Bombay?—Yes.

5529. Mr. *Lyttelton.*] To arrive at the whole charge for education, we have to add all the local cesses, school fees, and endowments, I suppose?—That would be necessary.

5530. Are

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5530. Are there any other sources from which educational expenses are defrayed?—No.

5531. Are there any returns from which we can ascertain in a compendious form the amount locally raised for educational purposes?—I do not think that there are; it is only in a fragmentary way; it is stated that in Bombay the whole amount of the funds available for education is nearly double that stated in these accounts; in 1870-71 the Director of Public Instruction stated the total cost from Imperial funds, as he terms it, on education at 94,804 *l.*, and from local sources at 114,273 *l.*, making a total expenditure under his supervision, 209,078 *l.*

5532. Does that include school fees?—This whole outlay is provided for by fees to the extent of 22,800 *l.*, and by the local educational rate or cess to the extent of 72,000 *l.*; then there are contributions from native States of 18,000 *l.*, and subscriptions, endowments, and miscellaneous receipts of that character, of about 12,000 *l.*

5533. Do you think that we can accept that as roughly representing the proportions between the local and Imperial sources of revenue?—No, I think not; the system of education by means of this local cess has been carried out very much more fully in Bombay than anywhere else.

5534. Can you tell the Committee, roughly, what the average amount of the fees in elementary Government schools is?—It has varied very much.

5535. Is a fee invariably charged?—Not invariably; but the principle has been generally adopted of charging a fee.

5536. Where it can be obtained, in fact?—Quite so.

5537. As to these educational endowments, can you tell us of what nature they are?—The most considerable with which I am acquainted is at Hooghly, near Calcutta; a considerable estate was left many years ago by a Mahomedan landed proprietor for religious and charitable purposes, a portion of which, about 22,000 rupees, I think, annually, is devoted to the maintenance of the college at that place.

5538. Mr. *J. B. Smith.*] Have the Government anything to do with the management of that, or the inspection?—Yes.

5539. In conjunction with the Mahomedans?—Not in the educational part of it; part of the funds is applied to the maintenance of a Mahomedan religious institution, which is managed mainly by Mahomedan trustees; there is, I am aware, a considerable endowment of the Elphinstone College at Bombay, but I am not acquainted with the exact nature of it.

5540. *Chairman.*] That is a separate trust altogether?—Yes.

5541. Mr. *Lyttelton.*] Are there any considerable endowments for elementary education?—Not that I am aware of.

5542. Throughout India, I suppose, as a rule, educational endowments amount to but a small figure compared with the general cost?—That is so.

5543. Sir *J. Elphinstone.*] Is there much education among the Mahomedans of India?—No, I think not.

5544. The elementary education amongst them is very much lower than it is amongst the Mahomedans in other countries, is it not?—I should think so.

5545. Are the better class of Mahomedans there highly educated?—No, I think not at the present time.

5546. Is there any reason why they should not be as well educated as the higher class of the Hindoo population?—They are not so ready to avail themselves of the education which our Government has been willing to place within their reach.

5547. They are more exclusive?—That is so.

5548. Mr. *J. B. Smith.*] Our colleges are open to them equally with the Hindoos, but they do not avail themselves of the advantages?—Quite so.

5549. Sir *J. Elphinstone.*] Is that from any idea of proselytism, or is it simply a sort of discontent amongst them?—I think that they have very little desire for an English education, or an education on the principle which is recognised by our Government at the present time. They would probably be willing enough to avail themselves of an education in the Persian language and literature.

5550. And they would be very glad to receive an education in their own language and literature, but they will not comply with the practice that is offered to them in our schools?—That, I think, is generally true.

5551. And that, of course, militates very much against the employment of those men in the public service?—It does.

5552. And the Hindoos have not the same distaste for availing themselves of the advantages placed within their reach?—No, there is a great difference between them in that respect.

5553. And consequently they are much more employed in the public service than the Mahomedan population?—That is so.

5554. From no cause of difference on the part of the Government, but simply because one set of men are more eligible than the other, and more anxious to qualify themselves for the offices within their reach?—That is so.

5555. Mr. *Lyttelton.*] Is it the case that the practice of making local educational rates is increasing in India?—It is.

5556. In so far as the local funds increase, the Imperial charges will diminish, will they not?—The local funds that will be raised will be principally for the lowest elementary education.

5557. We may assume that the Imperial charges will not increase in proportion to the increase in the number of schools, I suppose?—Just so.

5558. Mr. *J. B. Smith.*] Do the natives willingly contribute to these assessments for local schools?—In Bombay there appears to have been but little difficulty felt in the adoption of the cess for schools.

5559. How is it in the other parts of India?—In Bengal at the present time it has not been carried out.

5560. Lord *E. Fitzmaurice.*] I suppose Imperial contributions must go on increasing to a certain extent in proportion to the increase in the number of schools in any case where payment by results is adopted, local cess or no local cess?—Not necessarily, if the whole of the expense of the lower class of schools for primary education is defrayed from local sources.

5561. But is that likely ever to be the case; did not I understand you to say just now that, for example, at Bombay the Government, where on inspection it finds a certain result, gives a certain sum of money?—Yes, but this grant of money may be made from local sources.

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5562. You mean that the local payment would be taken as a sort of set-off?—Quite so.

5563. *Chairman.*] Do you think that the people of India would pay for education in the colleges, and the higher schools, if they were asked to do so?—I think that they are becoming more and more willing to make a sacrifice for the purpose of obtaining good education.

5564. Do you think they would learn in the schools without being paid to do so under the name of scholarships?—It has been thought necessary in the past to grant these scholarships; probably there is less and less necessity for them, I should suppose.

5565. Are there not plenty of people in India who could afford to pay for education, if they wished it, of a higher character than an elementary education?—No doubt. Many of those, however, who avail themselves of the higher education that is given in our schools are by no means from the well-to-do classes.

5566. We will now go to the item of ecclesiastical expenditure; what is the item of ecclesiastical expenditure in India at the present time as compared with what it was in 1856?—The expenditure in 1856–57 altogether was 127,727 *l.* as against 153,544 *l.* at the present time.

5567. Can you say where the increase has taken place, without going through all the smaller items; what has it been in Oude?—In Oude there is an increase of 3,000 *l.* from 739 *l.* in 1856–57, to 3,700 *l.* at the present time.

5568. What has been the cause of that?—In the earlier year there was one Government chaplain in the province; there are now five.

5569. And in the North Western Provinces what has been the increase?—In the North Western Provinces there has been an increase from 12,697 *l.* in 1856–57 to 19,652 *l.* in 1870–71.

5570. To what is that to be attributed?—It is an increase in the number of Government chaplains.

5571. And what has been the increase in the Punjab?—In the Punjab there has been an increase from 14,881 *l.* to 21,782 *l.*

5572. May we understand generally that it is a mere increase from the increase of the number of chaplains in various places, and not any general increase in the rate of salary?—That is so; there are only one or two particulars in which an increase in the rate of salary has operated. The salary of the senior chaplains in the Madras and Bombay Presidencies was somewhat below what was paid to those in Bengal, and it has been raised from 700 rupees monthly to 800 rupees; in addition to this promotion is now made from the grade of junior to that of senior chaplain after 10 years' service, whereas formerly, the number of senior chaplains was limited.

5573. Can you explain to the Committee upon what principle this establishment is kept up; are the chaplains for particular stations throughout India, or are they attached to regiments?—There are no chaplains attached to regiments with the exception of two instances, the Presbyterian chaplains attached to two Highland regiments in India; in other cases the chaplain is always attached to the stations, for the most part military stations, and for the service of the troops.

5574. Could you state what is the expense of the superintendence as compared with the expense of the actual chaplains?—The general ecclesiastical grant is for the stipends of the bishops and archdeacons of the three Presidencies, and for chaplains who are primarily for European troops. The cost of the bishops and archdeacons is regulated by Act of Parliament

5575. Can you give the amounts?—The salary of the Bishop of Calcutta is fixed at 5,000 *l.* convertible at the rate of 2 *s.*, the Bengal current rupee, which makes the salary 4,598 *l.*; the current rupee was the rupee of account introduced in the last century, on the advice of Sir James Steuart, to avoid the complications attending the currency at that time, 100 rupees of the present currency are equal to about 109 Bengal current rupees; the other bishops have 24,000 Sicca rupees each by the Act.

5576. What is the amount of that in Company's rupees now?—£. 2,560 each, stated at 2 *s.*

5577. What is the salary of the archdeacons?—The archdeacons' allowance is fixed by the Act 3 & 4 Will. 4, c. 85, at 3,000 Sicca rupees; that would be 3,200 Company's rupees, for the year, for the duties attaching to them as archdeacons, forming an addition to their salaries as chaplains.

5578. Then I suppose that they have some slight establishment in addition?—That is so; the amount of that is limited by the Act.

5579. Have the bishops any retiring pensions?—They have.

5580. At what rate?—These retiring pensions are also fixed by Act of Parliament?—The Bishop of Calcutta is entitled to a pension of 750 *l.* after five years' service, 1,000 *l.* after seven years, and 1,500 *l.* after 10 years.

5581. Is that without reference to the state of his health, or is it only if he is compelled to retire by ill-health?—I think there is no restriction as to health in that particular. There was a recent Act of Parliament enabling the Government to frame rules for allowances to the Indian bishops when on leave in England on account of health, but I am not aware of any rules on the point in question.

5582. I rather think the intermediate salaries, you will find, are contingent upon disability, but the final retirement allowance after 10 years is independent of that?—I find on referring to the Act 6 Geo. 4, c. 85, s. 16, that the lower rates of pension are allowable only when resignation is the consequence of ill-health or infirmity.

5583. What is the scale which has been allowed generally to the chaplains?—The first 10 years of their service there is a salary of 600 *l.* a year, 500 rupees monthly; and after 10 years 800 rupees monthly, 960 *l.* a year.

5584. And what pensions are they entitled to?—After 17 years actual residence in India they are entitled to a retiring pay of 360 *l.* a year.

5585. Do you know if there are any other ministers of religion, Protestants or Roman Catholics, that are now officiating, who are paid by the Government?—That is so. Of the Church of England, in many civil stations where there is no chaplain allowed by Government, and where there is a resident clergyman of the Church of England, he is allowed 150 rupees monthly by the Government for ecclesiastical administrations.

5586. For performing the functions of chaplain?—That is so.

5587. Can you explain to the Committee upon what principle it is that these chaplains are employed; are they all considered to be employed as military chaplains to attend on the soldiers who are sent out to India, or are they chaplains for the general use of Europeans and the Civil Service,

Service, or others who are resident at the station?—The general recognised principle is that they are there for the service of the army in India; also it is recognised that their services may be made available for the larger European communities of Government servants.

5588. Could you put in any statement of the number of European soldiers there are at each station where a chaplain is maintained?—That I will do.

5589. Mr. *Dickinson.*] Do I rightly understand you that no provision is made by the Government for the general public not being their own servants?—I think it is not recognised as a principle that such provision should be made, but at those places where there is a large European community there is a larger number of chaplains. In Calcutta there are, I think, seven or eight chaplains.

5590. Mr. *Birley.*] Calcutta and the immediate neighbourhood, I suppose?—No, within the limits of the town of Calcutta. Of course there is a considerable European community at Calcutta, a very considerable official community, and a large general one.

5591. As a general rule is a chaplain stationed at each military station?—That is the general rule.

5591*. Mr. *Dickinson.*] What is the purpose of having a gradation of ecclesiastical authorities such as archdeacons and bishops?—It depends, I think, upon the discipline of the Church of England.

5592. It is an ecclesiastical matter, and by no means a civil or a military matter?—No, I think not.

5593. When was the first bishop appointed, do you know?—I think it was in 1822.

5594. Mr. *Birley.*] It was after the renewal of the charter in 1813?—Yes, it must have been a few years after that; the Act is the 53 Geo. 3, sanctioning the appointment of a bishop. I think the appointment must have been made a few years afterwards.

5595. Mr. *J. B. Smith.*] As far as I understand you, the ecclesiastical establishment is first for the service of the military?—It is so primarily.

5596. And besides that the Government furnish an ecclesiastical establishment for Europeans in some cases?—Yes.

5597. Do those Europeans contribute anything towards the religious teaching?—Not universally or directly. In Calcutta and in some other places attendants on the services of the Church of England pay for church seats, the sums received being applied for church expenses; they pay nothing towards the salary of the chaplain.

5598. Are there any other Protestant sects in Calcutta besides the Church of England paid by the Government?—There are two chaplains for Bengal for the Church of Scotland that are paid by the Government.

5599. Are there any other sects that are not paid by the Government?—Several.

5600. Sir *J. Elphinstone.*] How many Presbyterian chapels are there in the Madras Presidency?—There are four chaplains.

5601. In the Bombay Presidency, how many are there?—Three.

5602. How many in Bengal?—Two in Calcutta, one at Meerut, one at Allahabad, one at Julundar, and one at Umballa.

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5603. Mr. *J. B. Smith.*] Are those paid by the Government?—Those are paid by the Government.

5604. Are there any Roman Catholics?—There are none forming any part of the Government establishment, or as such entitled to any salary or furlough allowance or pension. There is an allowance made to Roman Catholic priests performing ecclesiastical offices for the various European regiments, and in Bombay there is further a certain amount paid to a number of Roman Catholic ecclesiastics, amounting to 1,903 *l.* for the year; the objects and circumstances in this case I am not very well acquainted with.

5605. Do the Government contribute anything to the religious establishments of the Hindoos and Mahomedans?—The Government has as far as possible disconnected itself from all direct payments for Hindoo or Mahomedan religious purposes. There are still some endowments with which the Government has not altogether disconnected itself, and there are some, particularly in the Madras and Bombay Presidencies, direct allowances paid for the maintenance of Hindoo temples.

5606. Sir *J. Elphinstone.*] Are those payments made under treaty engagements?—I am not able to speak to the character of the engagement, but it is considered obligatory.

5607. Are there many temple lands in India?—There are large alienations of lands even in Bengal, originally made for religious purposes by the Hindoos

5608. What is the state of those lands as respects cultivation?—In no way I think inferior to their neighbours.

5609. Do they pay the assessment to Government the same as other lands?—They are largely exempted.

5610. Do those exemptions rest upon treaty obligations?—The exemptions have been recognised by our Government whenever they were in existence before the perpetual settlement of the revenue in Bengal.

5611. In fact we may assume that they never did pay revenue?—That is so.

5612. Mr. *J. B. Smith.*] Do you consider that the ecclesiastical establishment provided for the army is in fact a part of the army expenditure?—It is not so treated: the chaplains are considered to be military chaplains, but the expense is not borne upon the military estimates except for the services by Roman Catholic ecclesiastics; they are paid in the military department.

5613. The fact is that the Government not only provide religious instruction for the army, but they do provide it also for persons not connected with the army?—Yes, religious ministrations.

5614. You could not tell what is the expense of the two, could you?—At the desire of the Chairman I am prepared to put in a statement showing the distribution of the European army in juxtaposition with the distribution of the list of chaplains, which will afford the Committee the means of making a comparison.

5615. Sir *J. Elphinstone.*] Has there ever been any correct survey of the temple lands in India to ascertain their extent?—There have been very extended inquiries, and I think the results have been presented to Parliament.

5616. *Chairman.*] In the settlement surveys they have taken an account of all the lands that are

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are alienated for religious purposes, because they are more or less exempt from revenue?—Yes.

5617. Lord *E. Fitzmaurice.*] Do you consider that the spiritual interests of Europeans would suffer if the support of the church were left to voluntary effort?—I think that it would be injurious to the moral interests of Europeans.

5618. Do you know whether the question has ever been raised at all among the natives; do you think that there is any native opinion upon the subject of raising 153,000 *l.* a year for that purpose?—I have never heard any expression of that opinion whatever.

5619. Considering the various characters of the population of India with regard to religion, do you not think that at a moment when it is necessary to introduce the utmost economy in Indian expenditure, the spending of this sum every year, though it may not be a very large sum, is a thing which is bad in principle?—I think that it should be kept within very narrow limits.

5620. Do these clergymen employ themselves in missionary work at all?—No.

5621. Are most of the alienation of lands to Hindoo and Mahomedan religious purposes perpetual; I suppose they are nearly all perpetual?—Yes, they are.

5622. You do not know whether the question of State payment for religious purposes has ever been raised at all in India, either in native opinion or in the discussions of English newspapers?—I am aware that it has drawn attention in different quarters.

5623. But not among the natives?—I have never heard of any actual expression of native opinion.

5624. *Chairman.*] Was there not a great deal of agitation formerly against the payment by Government of any contributions towards the religious purposes of the natives?—That is so.

5625. Lord *E. Fitzmaurice.*] Do the chaplains consider themselves debarred from employing themselves in missionary work, or is it that they have not time?—I think it is considered improper that they should engage in direct missionary work.

5626. You mean that there is a feeling that it is an improper thing that the money of the State should be used for purposes of religious proselytism?—Yes.

5627. Mr. *Lyttelton.*] Do you know the amount of the Imperial contributions towards the native religious purposes; you spoke of temples and so forth, which, I suppose, come under this head?—It is generally under the head of "Allowances and Assignments under Treaties and Engagements."

Friday, 31*st May* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Candlish.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Lyttelton.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON and Mr. EDWARD GAY, re-called; and further Examined.

Mr. *E. F. Harrison* and Mr. *E. Gay.*

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5628. *Chairman* (to Mr. *Harrison*).] WILL you be good enough to inform the Committee what was the total expenditure under the head of medical charges in 1856–57 as compared with the same expenditure in 1870–71?—In 1856–57 the expenditure for medical services was 175,714 *l.* in all; in the year 1870–71 it amounted to 523,486 *l.*

5629. What has been the increase under the Government of India?—Under the Government of India, under the head of medical establishment, there is a small new charge.

5630. Was there any such head of expenditure in 1856–57?—There was no expenditure for medical establishment under the Government of India at that time; now there is a small establishment in the Coorg district.

5631. Is the special item which appears in the accounts, 5.995 *l.* for Sanitary Commission only an item for the year, and not a continuous expenditure?—I was speaking merely of the small amount under the sub-head of medical establishment. This Sanitary Commission is a permanent charge, but it is new; there was no corresponding expense in 1856–57. The Sanitary Commission altogether costs at the present time, 26,233 *l.*

5632. That is distributed throughout the several governments?—Yes.

5633. That under, the Governor General is 5,995 *l.*?—Yes.

5634. Is that for the provinces under his direct administration?—Not precisely so; the Sanitary Commissioner with the Government of India has to deal with questions relative to sanitation for the whole of India.

5635. It is the general administration then for the supervision of all India?—Quite so.

5636. Now with regard to the increase throughout the other governments, will you explain how that has arisen; has it been from a general alteration of system or otherwise?—There has been a very great increase in the scale of remuneration of the medical officers of the Government; this was partly in consequence of a measure in 1864, when assistant surgeons were promoted to the grade of surgeon irrespective of the number in the higher grade; on the completion of 12 years' service they were promoted, the consequence being a large increase to the number of the higher rank, carrying increased pay and additional charge.

5637. Was there any subsequent revision of this scale?—In 1867, there was a revised scale of salaries for the whole of the medical service. This added largely to the cost of the department, especially in the Civil Department, assistant surgeons in the charge of civil stations received 433 *l.* a year; they now receive a minimum of 480 *l.*, and a maximum of 660 *l.*, according as their service is above or below five years. Then full surgeons for the same duty receive now 900 *l.* annually, a surgeon major 1,140 *l.*, and in a few instances the salary is higher, being 600 *l.*, 760 *l.*, 1,020 *l.*, and 1,260 *l.*

5638. Has there been also any increase in the number of stations?—There has been an increase in the numbers, that is more especially the case in some provinces. In the North Western Provinces very frequently the surgeon of the native infantry regiment quartered at the station had medical charge of the civil station. The reduction of the native army has interfered with this arrangement, and there has been an increase in the duties attaching to the civil surgeon which has led to the appointment of separate officers, civil surgeons, at a number of stations.

5639. Then to a considerable extent there has been a transfer of charge from the military to the civil department?—To some extent.

5640. That is to say, the present native infantry regiments are attended by a civil surgeon, instead of having, as formerly, a military surgeon who was charged to the military expenditure; is that it?—No, I do not think that is the case.

5641. It is a reduction altogether, you mean, of the regiments?—Yes.

5642. Then has the large augmentation in the police occasioned any increase of the medical expenditure?—The present organisation of the police has thrown additional duties upon the civil surgeon, who has to examine and pass all recruits for the police force, and very generally his duties have been increased by the charge of

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the civil gaol and superintendence of sanitary arrangements in the district, which have met with more attention than formerly; the superintendence of the measures which the Government have taken for the spread of the use of vaccination, has also added considerably to the duties of the civil surgeon.

5643. Is there a large establishment of uncovenanted medical servants of various grades?—Not, I think, comparatively large. The proportion which they bear to the covenanted officers varies in the different provinces. In Bengal there are at the present time 53 covenanted officers; surgeons, and assistant surgeons, and there are 15 officers designated sub-assistant surgeons; they are principally, if not entirely, native persons educated in the Calcutta Medical College; and there is a class of native doctors, who have also received a certain medical education.

5644. Are these part of the regular establishment of surgeons; will they succeed to the rank of surgeon?—No, but they form a part of the regular establishment; their pay is included in the cost of the medical establishment.

5645. Has the scale of their pay been re-considered also?—At the same time that the changes were made in the pay of the civil surgeons there was also an improvement in the rate at which uncovenanted officers were remunerated. At the present time the salary of those of less than five years' service is 420 *l.* a year; between five and 10 years' service it is 540 *l.* a year; between 10 and 15 years' service it is 660 *l.* a year; and over 15 years' service it is 840 *l.* a year.

5646. Sir *T. Bazley.*] What are the retiring pensions?—They fall under a military scale of pensions, varying from 220 *l.* after 17 years, to 550 *l.* after 30 years' service, with additional pensions for service in the grades of inspector and deputy inspector general.

5647. *Chairman.*] Has there been a great increase of duties in the medical department in regard to the various establishments of the Government?—The duties have increased with the increase of the establishments.

5648. Can you state what has been the consequent increase of expenditure?—The increase has been from 66,944 *l.* on medical establishments in 1856–57, to 196,761 *l.*

5649. Does that include all the various increases of pay and numbers?—Yes.

5650. I think you have told us that there has been an extensive vaccine establishment set up?—That is so; there was a certain expenditure on that object of 14,000 *l.* in 1856–57; it is now trebled, and is 42,000 *l.*

5651. Can you state what has been the increase in the number of persons vaccinated yearly?—Not with any accuracy. The present expenditure appears to have provided vaccination for about 1,740,000 persons, as well as I can determine it. The numbers vaccinated at the beginning of this period are not everywhere obtainable, and are perhaps inaccurately reported. Credit seems to have been taken in the Madras Presidency for the vaccination of 400,000 persons, and now with a closer supervision, and I believe with much more satisfactory results, the number is less than 200,000.

5652. Would it be in the first instance the vaccinated children of more advanced years; whereas now they confine vaccination to infants?—I am inclined to believe that the true explanation is that the earlier figures are not correctly reported; the supervision was not sufficiently close to secure accuracy in the returns.

5653. Do you know what proportion the number of persons vaccinated bears to the population of a year old, or any other assumed age?—I have not made the comparison.

5654. A million and three quarters would seem to be only a fraction of the population of a year old in India?—I should suppose that there must be 5,000,000 of that age.

5655. Do you know whether the people take to the vaccination kindly?—The opposition to it, I have understood, is very much less than it was when the Government first took active measures.

5656. Do you know whether there is any intention of increasing this expenditure so as to cover the whole infant population?—No, I am not able to say.

5657. You have not heard whether any enlargement of the system is in contemplation?—No.

5658. Do you know whether there is a large native staff employed in carrying on the vaccination?—It is mainly a native staff.

5659. What has been the expense of hospitals and dispensaries?—The expenditure falling on the Government for the maintenance of hospitals and dispensaries is at the present time 166,130 *l.* as compared with 62,423 *l.* in 1856–57.

5660. How has that increase arisen?—The general reason for the increase is due to the efforts that the Government have made to extend the use of European medicine and western medical science. The expenditure has occurred for the most part in aid given to local efforts for the establishment of hospitals and dispensaries, which are partially supported by private contributions. The Government have generally undertaken to supply a certain medical staff wherever there has been a sufficient call for the establishment of a dispensary, and a sufficient effort made for providing buildings and accessaries. They have also usually supplied certain drugs.

5661. Do you know the number of hospitals that are kept up by the Government; has there been a considerable increase?—There has certainly been a considerable increase. At the present time there appear to be in the principal divisions of Upper India, Bengal, the North West Provinces, the Punjab, Oude, and the Central Provinces about 500 hospitals and dispensaries receiving more or less aid from the Government.

5662. Do you know whether these hospitals and dispensaries are much resorted to by the natives?—They are certainly very popular.

5663. Can you state the number of cases that are treated in them in the year?—There would appear to be altogether something like 3,000,000 cases; 2,990,000 cases I find in the year 1870–71.

5664. Do you know whether many pupils are passed out of these hospitals in the shape of dispensers and native assistants, and so forth?—One or two of the principal hospitals are specially connected in that way with medical colleges.

5665. Can you give any idea of the number of persons who are taught yearly, or qualified yearly for any service in the hospitals?—I cannot state the number, but students are instructed in the Government dispensaries in the North Western Provinces, especially in the elementary duties of a dispensary, and many of them are passed

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passed on for further instruction in the medical colleges. The medical college at Agra receives them in this way.

5666. Can you state what is the expenditure on the medical colleges?—The entire expenditure in India is 32,345 *l.* at the present time; in 1856–57 it was 15,942 *l.*

5667. Is this expenditure, do you know, for the salaries of the surgeons employed in the hospitals, or the additional expense?—It is mainly the salaries of the professors who are surgeons, and the staff. I should add that there is a certain expense for stipendiary students.

5668. Can you state the number of students that the colleges qualify annually?—No, I am not able to state it.

5669. Is the expense of the lunatic asylums included under the general head that we are discussing?—It is.

5670. Has there been an increase in that?—That has increased from 13,297 *l.* in 1856–57 to 38,297 *l.* in 1870–71.

5671. What has that increase arisen from?—The largest increase is observable at Bombay, where the increase is from 1,305 *l.* in the earlier year to 12,975 *l.* in the later.

5672. To what do you ascribe that?—This expense provides an asylum at Bombay where there is an average number of 235 patients under treatment, and the expense seems to have been more than usually large for European insanes, of whom there were 51. Then in the Bombay Presidency there are three or four district asylums for the treatment of native insanes.

5673. Are there any other heads of expenditure?—There is the department of the chemical examiner.

5674. Is that a new source of charge?—That is very nearly so. In 1856 there was only a small charge on this account in Bengal, and at the present time there is a certain expense in Bengal, less than it was in 1856, but it has risen in the North West Provinces, the Punjab, Madras and Bombay. The reason for the smaller charge in Bengal is that the duty is taken by one of the professors of the Medical College Hospital. The duties are partly connected with the administration of justice.

5675. The analysis you mean of poisons, and other duties of that kind?—Yes.

5676. Is there any further expenditure?—There is a head of grants for medical purposes.

5677. What is the meaning of that?—They are principally for the assistance of hospitals and dispensaries which are not government establishments, grants in aid to private hospitals.

5678. Do you mean established by private benevolence or by municipal bodies, or otherwise?—Yes, and, in one or two cases, by endowment from funds formed out of contributions and legacies.

5679. What has been the expenditure under that head?—At the present time it is 15,623 *l.*

5680. What was it in 1856–57?—It was 2,757 *l.* A large part of the present expenditure is for the maintenance of Lock hospitals. Out of 15,600 *l.* in Bengal 4,500 *l.* is given in aid of municipal Lock hospitals, and in Bombay 6,889 *l.*, making up a large proportion of the whole.

5681. Are there any sanitary acts that compel the people to go into these hospitals?—That is so in certain places. Then there is a similar expense at Madras which has been put in this account in a separate category, but it is of the same character, 2,300 *l.*

5682. You have stated that the sum of 5,995 *l.* has been spent in the office of the chief commissioner under the Government of India. Did you give the total expenditure of that head?—The amount is 26,233 *l.*

5683. Is that for sanitary officers under all the Governments?—That is so.

5684. Do you know what they do?—The water supply is one of the most important objects with which they have to deal

5685. Do you mean the water supply to the towns and villages?—To the towns; but further than that, the drainage of the country, and the effect of the drainage on the water supply of whole districts have been carefully considered in connection with the epidemic fevers in Bengal and other places. Then another subject that has met with a good deal of attention is the disposal of the dead and the treatment of sewage. In referring to the disposal of the dead, I allude to the pollution of the rivers by throwing bodies into them; that is a subject which has required and met with a great deal of attention.

5686. Then the expenditure is for the salaries of officers who examine and report upon these various subjects?—And the expense of their moving about the country

5687. Does that embrace the whole of the expenditure under the head of medical services?—That is so.

5688. Mr. *Birley.*] Is the pollution of rivers by dead bodies forbidden by any enactment in India?—Only partially and locally; that mode of the disposal of bodies is prohibited within a few miles of Calcutta, but the prohibition does not effectively keep the river free from this form of pollution.

5689. The native inhabitants still carry their dead to the rivers, as a religious ceremony, do they not?—They do; they dispose of the bodies by burning on the banks of the river, but they attach no importance to casting away unburnt corpses in the river, except as preferable to burial on land.

5690. *Chairman.*] It is an economic substitute for burning?—That is so.

5691. Mr. *Birley.*] Of course the burning would not pollute the rivers?—No.

5692. *Chairman.*] We will go to the next item, the expenditure for stationery; will you be good enough to state what that is and what it was in 1856–57?—The accounts show the expense for this purpose in 1856–57 to have been 90,541 *l.*, and in 1870–71 233,675 *l.*

5693. Does that include the supply of stationery from England?—No.

5694. That appears in the English accounts?—Yes; that appears in the English accounts, and is not included in this.

5695. What are the chief heads of this expenditure?—This is divided into three principal heads, the first of which is the expense of the central stationery offices at Calcutta, Madras, and Bombay, which cost 6,882 *l.* in 1856–57, and 7,480 *l.* at the present time; the increase, which is not very large, is principally in Calcutta, owing to the larger territory which that office has to supply.

5696. Does the head office receive the stationery from England and distribute it throughout the Presidency, as well as purchase all the stationery that is required in the Presidency?—That

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That is so; and the additional charge is mainly the expense of despatching supplies to the newly added districts. The head in which the bulk of the increase occurs is that of printing, establishment, and charges, which have increased from 40,111 *l.* in 1856-57, to 200,867 *l.*

5697. To what do you ascribe that increase?—The use of the printing press has very largely increased in India. It is made very great use of in the printing of a vast number of valuable papers and all the proceedings of the Government. There have been in the meantime four official weekly publications, official gazettes instituted, one of which is the "Gazette of India," in which all the public official Acts of the Government of India are published.

5698. Is there another similar office in Madras and Bombay?—At Madras there is an office which is very similar. At Bombay the whole of this work is undertaken by a semi-private establishment, the Educational Society's Press

5699. Do they do the work by contract?—That is so

5700. Have you any reason to know whether anything is paid for it by way of benevolence, or is it only the market value that is paid for the printing?—I think it is considered to be the market value.

5701. Is there a tendency to substitute for hand copying the system of printing public documents, of which several copies are required?—That has been very much the case, and in certain cases there has been supposed to have been a decrease in the manual work of the secretary's offices.

5702. In the costs of copying by hand you mean?—Yes, which perhaps has not made any reduction in the charge of these establishments, but has contributed to avoid an increase of expense.

5703. The increase has assumed the form of the printing establishment rather than of the copying establishment?—That is so. In one instance, I think, I have understood that there has been an actual reduction of expense; that is in the secretary's office of the North Western Provinces, where a decrease of 6,000 *l.*, in what is termed section writing, payment of copying clerks, when paid by the job, is said to have occurred owing to the greater use of printing.

5704. Has this charge been enhanced by an alteration in the mode of keeping the accounts and bringing all the charges under one head?—That is the case, no doubt, there was formerly a certain amount of expenditure that was distributed through the different establishments that employed presses, and there has been a great desire to know the real cost of printing, and greater care taken to bring it all together.

5705. What is the third item of this expenditure?—The cost of stationery purchased in India.

5706. Has that increased or diminished?—There is a decrease observable here on the whole: the amount charged in 1856-57 was 43,548 *l.*, and at the present time it is 25,328 *l.* In 1856-57 there were some considerable contracts in Calcutta for the supply of stationery which is now almost entirely obtained from England.

5707. Can you explain to me why the Government have not been able to get paper made in India?—No writing paper of a high quality has ever been made in India that I am aware of; the expense, as far as it is for locally manufactured paper, is principally for paper sometimes of a very fair quality that is used for ordinary draft purposes, but they have never succeeded in making a very durable or good paper.

5708. Is paper made in the gaols, or is it manufactured by private people?—I do not think that the gaols have ever manufactured very good paper; many of the gaols adopt it as a regular industry, but the paper that they make is of a very coarse description indeed, made in the native fashion and with native appliances.

5709. No private enterprise has ever undertaken the task of making better paper?—It has been made on a large scale in the neighbourhood of Calcutta by the proprietors of the "Friend of India," who have had a considerable manufactory a few miles from Calcutta, and printing paper of a very fair, if not a very good, quality, as well as a coarser description of writing paper, has been manufactured, and has been largely used by the Government. At Madras, again, I am not aware whether it is still the case, but a few years ago the greater part of the stamped paper supplied by the Government was also of a local manufacture, but the quality was not very good, nor do I think the paper was very durable.

5710. Does that conclude the whole expenditure of stationery and printing?—Yes.

5711. Mr. *Fawcett.*] What is the whole expense incurred for stationery in England as well as in India?—The whole expenditure for stationery and printing is 398,658 *l.*

5712. In round numbers you may say 400,000 *l.*?—Yes, very nearly so.

5713. There has been an enormous increase in the expense of stationery since the abolition of the East India Company; so far as the money spent in India is concerned; has there been anything like a corresponding decrease in the amount of money spent in England?—The increase is not so much for stationery used as for the cost of printing.

5714. I include that under the general head of stationery and printing?—I have not the means of comparison before me, but I think I may say not.

5715. Then this is simply another illustration of the fact which you may almost lay down as a general rule, that throughout the administration of the finances of India the result of the abolition of the East India Company has been enormously to increase the expense of administering the affairs of India; you notice that in every item, do you not?—I am unable to see that there is any connection between this increase and the change in the form of government.

5716. But how else do you account for it; you say that there has been no decrease in the amount of money spent for stationery in England; there has been a most enormous increase in the amount of money spent for these purposes in India, an increase amounting to something like 400 per cent in 14 years?—I have not got the total cost in 1856-57, only that in India.

5717. But I understand you that this increase of the expense in India has not been counterbalanced by any decrease of expense in England?—No, I think it has not.

5718. What is the exact per-centage of the increase since the abolition of the East India Company, so far as the money spent in India is concerned?—The entire expense has increased from 90,500 *l.* to 233,600 *l.*

5719. That

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5719. That represents, so far as the whole item is concerned, an increase of 250 per cent., and, so far as the charge of printing is concerned, an increase of 500 per cent., and the only set-off you can mention for this is, that you say it has been alleged that there has been a decrease of expenditure to the amount of 6,000 *l.* in some office in the North Western Provinces; is not that the result of your evidence?—That is so.

5720 Then does it not show that the tendency has been by this change of Government enormously to increase (this one item is an illustration of the fact) the expense of administering the affairs of India?—No doubt this increase of expense is due to the greater activity of the administration in various ways, but not, I think, in any degree to any change in the principles of the Government.

5721. But does it follow that it is due to the increase of activity; should I not be quite as justified in saying that it has been due to carelessness and to waste?—No, I think there has been no loss of any security formerly existing against extravagance in expenditure of this class.

5722. The increase has been so enormous that it ought to be explained; in what way can you account for it?—I have explained that a portion of this, and I cannot state what portion, is due to the expense having been brought together under one part of the account, where formerly it was distributed among the contingent expenses of the various offices and departments which required printing to be executed for them.

5723. Then what you mean to allege is, that in 1856–57 certain items were not included which are included now?—That is true in some degree.

5724. But then the whole purpose of examining you on this point, it seems to me, is to find out to what extent this is true, in what degree this has taken place?—I do not think it is true to any great extent I think that in the main it is an increase of expense. The post office has contributed very considerably to the charge for printing

5725. *Chairman.*] Do you mean printing the forms for the extended business of the post office?—Quite so.

5726, Perhaps you can recollect the time when the practice was introduced by the Government of India, and several Governments, of what they call opening an office for general information in the different seats of Government? —Yes.

5727. Did not that lead to the practice of printing a great variety of documents, and placing them in what was called the editor's room?—I do not think immediately; but the same reasons which led to the establishment of this editor's room no doubt have led largely to printing a variety of reports on subjects of a character interesting to the public, and useful to the administration.

5728. Do you recollect whether some policy has not been generally announced that the time was come when the Government was to justify itself by publicity, that some Governor General, or some individual delivered himself of that sentiment, and that thereupon a very extensive system of printing papers was introduced for general use and reference?—Yes.

5729. Has that been continually extending itself?—That has. The administration reports of the various Governments are a very considerable work in themselves; the administration reports of the various departments of the Government; the Educational Department is an instance; the transactions of the Survey Department; the Geological Survey has involved a great deal of printing of matter of a somewhat permanent character; and in the department with which I have been more immediately connected, the Financial Department. A great deal of matter has been printed, which is no doubt expensive, but the printing of which has been of great service.

5730. Is it generally correct to say that the system has grown up within the last few years of printing and publishing a vast amount of information connected with the Government, which was wholly unknown under the old system, which was one of entire privacy?—That is true.

5731. Mr. *Fawcett.*] Then I understand you that this system of printing papers, to use your own words, has been continually developing, and is still going on?—Yes.

5732. Then we do not know the worst of it yet; the expense will go on in the same ratio, I suppose; does not your evidence lead to that?—No, I think not; and I may note that the actual expense in the year of which we are speaking, 1870–71, is less than in the preceding year, 1869–70.

5733. By how much?—By 13,495 *l.*

5734. The largest increase is due to printing; that has increased by 500 per cent. in 14 years? Yes; the increase is 400 per cent.

5735. And I understand you that a considerable proportion of that increase is due to the fact that what was before done by copying clerks is now printed?—That is so.

5736. That has been a very costly change, then; you say that there has been a saving of 6,000 *l.*, which you are not quite certain about, but you are quite certain about the enormous increase; therefore it has been a very expensive change, has it not?—The estimate on that point that has usually been made is that it is cheaper to print five copies than to write five.

5737 That is not an answer to my question at all; you say that the result of not employing so many copying clerks is that you think (remember you only "think") that there has been a saving in one particular presidency of 6,000 *l*, but we know of this enormous increase from 40,000 *l.* to 200,000 *l.*; therefore the fact shows that the change has been a very costly one to India, has it not?—I mentioned the 6,000 *l.* as one instance.

5738. Can you give us any other instance?—I also mentioned that I thought against this increase was to be set off the increase that would otherwise have occurred in other directions.

5739. But still what I say is strictly correct, is it not; the only thing which you can show is a saving of 6,000 *l.*, and you are not certain of that, and the enormous increase is before us?—That is so; I have no doubt of the accuracy of the statement that 6,000 *l.* has been saved, although I have not been able personally to verify it.

5740. But then that saving (assuming that it has been procured) has been procured at an enormous expenditure, has it not?—The additional expenditure, I think, is irrespective of this saving, which I assume to be a true and actual saving.

5741. But

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5741. But you say that the saving has been due to the dismissal of copying clerks, which copying clerks have been dismissed, because things which used to be copied are now printed, and you say that in consequence of the dismissal of these clerks 6,000 *l.* has been saved, and you state at the same time that it is in consequence of the increase of printing which is due to the non-employment of these copying clerks, that a great portion of the additional expense has arisen; is not that the case?—I have unfortunately not brought with me to-day the papers which would have enabled me to make the comparison of the actual expense of printing in the North Western Provinces in the two years.

5742. I am not asking you for those details; did you not state that in your own evidence, and am I not justified in drawing that conclusion from your own evidence?—I think I have nothing to add on this head of increase which has undoubtedly occurred.

5743. Now who is responsible for this expenditure; who are the people who can go and order just as much matter to be printed, whether useful or not, as they like?—I can only speak precisely to the system in force in Calcutta, where there is the largest Government printing office. The superintendent of that office is considered to have some discretion or control over the execution of printing that is sent to him by the various departments of Government, and that is one way in which control occurs. The other is in the limit placed annually by Government on the estimates of each department to the amount which they are permitted to expend on printing. In those two ways the responsibility thrown upon the officer requiring the execution of printing for his own department on the one hand, by the amount allowed him in the annual estimates, and on the other in the discretion vested in the superintendent of Government printing to object to undertake work which he may think needlessly expensive, operates as a check against extravagance.

5744. With regard to the check exercised by the superintendent, obviously that must be not as to the matter which is printed, but as to the manner in which it is printed; a superintendent of a printing office cannot judge whether a certain official document ought to be printed or not, though he may judge as to the form?—He is not an efficient judge, and so far as his independent action goes, it is not effective except as regards the form in which matter is to be printed.

5745. Then as regards the other departments, is the money which they are allowed to spend fixed before the matter has been printed or after?—Before.

5746. And I suppose they generally expend what is allowed?—Yes, I think so.

5747. Then they adopt this extraordinary system of saying beforehand, not having the least idea what matter will have to be printed, what the sum shall be which each office shall spend?—That is so, the estimate being based upon past experience.

5748. But then it must constantly occur that there will be a great amount of additional business in some Government departments; how do they manage then, does important matter then go unprinted?—No, I think that in many instances the estimates have been exceeded.

5749. If they are exceeded, who gives authority for the excess, because the final control depends upon that?—It comes under the cognisance of the audit department, which would report upon the whole printing expenditure to the Government; it would be brought under the consideration of the Government.

5750. I will take one department as an illustration; who is responsible, for instance, for allowing the education department to exceed its limits as to the amount voted for printing; can the head of the education department give authority to have any matter printed?—There is no doubt that the control over the expenditure for printing has not been thoroughly effective, and mainly I think for this reason, that there has been an insufficient knowledge until long after the expense has been incurred of the amount; there has been a want of a preliminary estimate of the cost of undertaking work before it is put in hand; and the subject has been under the consideration of the Government, and I believe it is intended to require a preliminary estimate to be obtained before any considerable work is put in hand.

5751. Then your evidence simply comes to this, that a part of this increased expenditure has been undoubtedly due to a want of effective control?—Yes, I think so.

5752. How long has the subject been under the consideration of the Government?—I left India more than a year ago, and cannot state the exact position of the question at the present time.

5753. But was it under their consideration at that time?—It had been.

5754. How long before?—From time to time.

5755. Then we get this fact, that this enormous increase of expenditure has been due to the want of effective control; the subject has from time to time been under the consideration of the Government, but up to the present moment, though certain things are contemplated, nothing has been done, and the control is not more effective at the present time than it was before?—I noticed a short time ago that the expense has actually been reduced for one year.

5756. But you cannot state that the control of this expenditure has been changed?—No, perhaps Mr. Gay can supplement my information.

5757. *Chairman* (to Mr. *Gay*).] Do you know whether the system of control has been altered yet?—I think about a year ago orders were issued, so far as the printing in Calcutta was concerned, that the estimate which Mr. Harrison mentioned should always be required. That certainly has been so in a great many cases, but during the past year the charge for printing has been made a provincial service, and left more to the local Government than it was before; certain heads have been handed over to the local Governments, and printing amongst the number.

5758. Mr. *Fawcett*.] Then although you alter the charge to a certain extent, and make it more local, yet you have not altered the system of control?—Yes.

5759. In what way?—It will be left to each local government to devise means of checking the expenditure.

5760. But then you do not know whether they will do so, or what particular means they have of checking expenditure?—No, this is the first year of the new system, and I cannot say exactly what measures have been taken by the different local governments.

5761. The

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5761. The new system still gives no greater guarantee for the control of the expenditure?—The final authority being in the local government it comes nearer to the offices concerned, and each government, no doubt, will choose the ways it thinks best.

5762. But, judging from your experience, looking at the costly way in which Bombay was administered, do you think that gives you anything like an effective security for economic local administration?—I can hardly give an opinion.

5763. Mr. *Birley* (to Mr. *Harrison*).] Can you tell me the cost of printing the "Gazette of India," which you spoke of as a Government official paper?—The amount is not stated in the accounts.

5764. *Chairman.*] Do you know whether any accurate investigation has been made of the comparative cost of printing in India and printing in England, or of Government printing in India and private printing in India?—That has been the subject of inquiry, but I do not think I am in a position to state the result; I have had occasion to go into the subject, but I am not prepared to give figures.

5765. Can you give the general result; whether it was found that your contract rates in Calcutta were above or below the private rates that were being paid, and whether both were above or below the English rate for printing?—I know that this conclusion has been arrived at, that there has been a saving of cost by the execution of the Government printing in their own presses rather than by putting it out to private presses. The principal Government printing in Calcutta is executed, as far as is required for the Government of India, at the Central Government press. A great deal of the printing required by officers under the Government of Bengal is executed at a very large press maintained in the Central Alipore Gaol, and in regard to that there have, I know, been inquiries as to the rates which the gaol has charged to the Government for the work, and the general conclusion seems to have been this, that the rates that were charged for work were reasonable so long as they were for small quantities; but very much of this work was required for judicial forms, of which very large numbers were required, and that in such cases the rates were too high.

5766. However that was merely paying from one pocket into the other?—Not as regards the finance accounts, because the profits of the gaol were specially appropriated to local objects.

5767. Then the local funds were increased at the cost of the general funds of the Government?—That is so.

5768. Mr. *Birley.*] Do I rightly understand that you are not aware what the cost of the "Gazette of India" is, separately?—No, I have not the information.

5769. Is the circulation wholly gratuitous?—There is a very small subscription circulation; it is mainly for supply to the various offices and departments of the Government.

5770. Do you know what is the number printed?—No, I am not aware.

5771. Mr. *Eastwick.*] Was the printing ever done by the missionaries?—In only one instance that I remember, the "Vernacular Gazette," the Bengalee "Government Gazette," was printed by the Serampore missionaries.

5772. *Chairman.*] The "Government Gazette" in Bengalee, you mean?—Yes.

5773. Mr. *Eastwick.*] They could have printed it in English, of course?—Yes; the English Gazette was formerly printed by a private establishment, under contract with the Government.

5774. No inquiry has been gone into to see whether these missionaries could have printed it more cheaply than it was done at the gaol?—I have never heard it.

5775. With regard to the question which Mr. Fawcett put to you, although the expenses of printing have very much increased, I suppose that the various papers have been diffused very largely, so that there has been a certain *quid pro quo*?—That is so; it is of very great value in the administration, no doubt.

5776. Do you think anything could be done in the way of an endeavour to get a larger sale of the papers, either in India or in Europe; do you think these statistical papers that are published would sell at all?—Many of the papers issued from the Government press are allowed to be sold, and the return is not very considerable, the price generally not being fixed with a view to profits.

5777. What are those papers?—The Acts of the Government, numerous reports and statistics, and the accounts and estimates.

5778. Is there any return for them?—I find under the Government of India in 1870–71, 770 *l.* was received as subscription for the "Gazette of India."

5779. And is there any statement of the sale of papers?—That amount must be inclusive of all Government papers sold from the press.

5780. The statistical papers issued by the Government for the various provinces are sold I suppose to a certain extent?—The estimate of receipts from the Government printing press for this year is 5,000 *l.* The actual receipts for the year are 4,029 *l.* for the general government of India, and for the whole of India 8,139 *l.*

5781. *Chairman.*] That would include educational books as well, printed by the Government?—If printed at the Government press.

5782. Mr. *Eastwick.*] Has an attempt ever been made to sell any of these papers by putting them in the hands of booksellers?—This has been tried; many of the publications are constantly from week to week advertised in the columns of the "Government Gazette" as available.

5783. With the prices?—Yes.

5784. *Chairman.*] Will you go now to the item of the charge for political agencies at page 48 of the Accounts before us, and state what was the amount in 1856–57 as compared with that in 1870–71?—The entire expense in 1856–57 was 178,852 *l.*, and in 1870–71 it was 291,459 *l.*

5785. How has that increase arisen?—Under the head of salaries and fixed establishments the expense in 1856–57 was 137,900 *l.*, and in 1870–71 it was 186,180 *l.*, an increase of about 50,000 *l.*

5786. What has been the occasion of this increase of establishment. Is it from the increase of the pay or from the increase of the establishments themselves?—Under the general government of India the increase is about 16,000 *l.*

5787. How has that arisen?—Out of this sum about 4,000 *l.* seem to be entirely new charges, cantonment magistrates and official postage, which altogether accounts for 1,860 *l.*

5788. Do you mean the cantonment magistrates who act for the cantonments within the native

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native states?—That is so; within the limits of the cantonments at the head quarters of native states, Indore and Gwalior.

5789. So that that would not be included in the charge for the magistrates for the ordinary administration of justice?—Merely within the small circle of the military cantonments. In regard to the other charges I have not found myself able to make a close comparison. The expense of establishments at the present time is 60,780 *l.* This occurs at the following places, and for these amounts. At Bhopal there is a political agent and establishment, the entire expense of which is 3,600 *l.*; at Gwalior the corresponding charge is 6,890 *l.*; at Hyderabad the expense is 11,210 *l.*; at Indore the expense is 21,800 *l.*; at Nagode the expense is a little over 2,000 *l.*; at Nepaul the expense is 6,091 *l.*; in Turkish Arabia, Bagdad, the expense is 6,300 *l.*; that includes the expense of an agent at Bussorah and the cost of keeping up communication between Bagdad and Damascus. Then in Persia, the expense is 700 *l.*; this is merely the expense chargeable to the Indian revenues.

5790. That does not include the contributions to the Persian embassy?—No; in connection with the minister at Teheran there is an agent paid by the Government a small charge of about 40 rupees a month; and certain payments are undertaken by the minister on account of the Government of India; they bear the expense of the treasurer, and the expense of couriers, to keep up communication. At Munipore, beyond the north eastern frontier of Bengal, there is an agency which costs 1,447 *l.*; and then classed under this head there is the expense of the establishment for the superintendence of the Mysore Princes, the descendants of Tippoo Sultan, costing 2,462 *l.*

5791. The Indore agency you stated at 21,800 *l.*; does that include all the expense of collecting the opium revenue in Indore that makes it so much in excess of all other agencies? No, that is not so; it includes first of all the salary of the agent of the Governor General at Indore who has four assistants, and the salaries of a chaplain and surgeon, and an establishment, amounting with the contingent expenses connected with it to about 16,000 *l.* Then there is the Bheel agent, a political agent to the Bhopawar agency. Then there is another officer termed deputy Bheel agent at Maundpore, costing with the establishment about 1,800 *l.*, and there is a fourth officer, the political agent of the western Malwa Agency, that costs 1,285 *l.*; and there is a political assistant with an establishment called the Goona agency, costing 609 *l.* Those establishments make up the 21,000 *l.*, of which I was speaking.

5792. What has been the rest of the increase? —In Burmah there is an increase of 6,600 *l.*, representing the cost of the representative of the Government at Mandalay. That also includes the cost of an agent at Bhamo, on the Upper Irrawaddy.

5793. Is that a new service since 1856?—That is so; it is entirely new.

5794. And has there been any increase in the North Western Provinces in political agencies? —There has been an increase in expense owing to an increase in the number of surgeons attached to some of these agencies, making, with an increase for official postage, which came to about 560 *l.*, a total increase of about 5,000 *l.* for the agencies under the Government of the North Western Provinces.

5795. At Bombay has there been an increase? —At Bombay there is an increase of about 16,000 *l.*

5796. How has it arisen?—The expenditure under this head at Bombay provides for the Residents at Baroda, in the Persian Gulf, and at Aden. The Resident at Baroda has a salary of 3,000 *l.*; the Resident in the Persian Gulf has a salary of 2,880 *l.*, and at Aden of 3,600 *l.* Then there are nine political agents at Muscat, Kutch, Zanzibar, and other places.

5797. Where has the increase been?—I am not aware exactly where the increase has occurred, having been unable to obtain full particulars of the expense in the year 1856.

5798. Were there not some special items in this year as compared with the ordinary expenditure?—There is a very considerable increase in the salary of surgeons attached to these agencies.

5799. What is the next sub-head of this expenditure of political agencies?—The next head is the charge for Durbar presents.

5800. What was that in 1856–57?—In 1856 the amount was 14,812 *l.*; in 1870–71 it is 28,349 *l.* A considerable part of this increase represents the cost of special presents which were given in 1870–71 to the Ameer of Cabul, which cost 7,400 *l.*

5801. Is there any other special increase?— In Bombay there is a considerable increase, amounting to rather over 5,000 *l.* I have got no information with regard to that.

5802. Are all the presents that the Government receives accounted for against this expenditure?—That is so. Against this expense there is to be set in the accounts for this particular year a sum of 10,651 *l.* received by sale of presents. Then under the general head of Political Agencies, classed as miscellaneous expenditure, there was 26,127 *l.* in 1856–57, against 76,930 *l.* in 1870–71.

5803. How has that large increase taken place?—In this there is an increase of something over 3,000 *l.* under the head of India, that having increased from 11,132 *l.* to 14,562 *l.*, but out of this sum of 14,562 *l.* a sum of 11,536 *l.* represents the cost of stores which were supplied, and presented to the Ameer of Cabul.

5804. Mr. *Cross.*] Is that in addition to the sum of 7,000 *l.* that you mentioned just now?— Yes. Then under Burmah there is an increase from 476 *l.* to 4,823 *l.*, being an increase of about 4,000 *l.*; 1,000 *l.* represents a sum which was allowed by the Government of India for the payment of the debts of one of the Delhi princes who is residing at Rangoon; 1,063 *l.* the cost of building a house for the Agent at Bhamo; and 250 *l.* the amount paid as subsidy to the steamer going up to that place. Then in Bengal there is a new charge of 855 *l.*, which partly represents the charges for educating certain natives of Thibet in our Provinces, and the sumptuary allowance given to certain accredited agents from native states. Then in the North Western Provinces there is a new charge of 1,451 *l.*, of which 805 *l.* is the cost of maintaining State prisoners; and 450 *l.* was the expense connected with the demarcation of boundary between the British territory and the Rewa State. In the Punjaub there is an increase from 6,031 *l.* to

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to 8,860 *l.*, of which 1,900 *l.* represents the cost of guarding hill passes.

5805. Mr. *Eastwick.*] What hill passes?—I presume over the Soliman range, but I have not the information. £ 17,025 were paid for the entertainment of chiefs and envoys, and 1,300 *l.* for allowances to agents accredited to the Government of India. In Madras there is a very small increase of a little over 100 *l.*, which is accounted for by the cost of maintaining State prisoners. In Bombay, the expense has increased from 7,708 *l.* in 1856–57, to 45,489 *l.* in 1870–71. Out of this a sum of 3,700 *l.* represents the charge for official postage; 12,651 *l.* is the sum paid by the Government of India to the Guicowar for Armstrong guns, which had been imported by him, and which the Government purchased at his hands.

5806. *Chairman.*] What is the other cause of increase?—There is a large amount of increase of which there is no detail, that represents the expenses at Aden and elsewhere. The accounts do not furnish the details.

5807. Is that the whole explanation you can give of the increase of the charges under political agencies?—Yes.

5808. Sir *S. Northcote.*] What accounts are furnished to the Government of India in detail; now in regard to these "sundry items" which are given for Bombay as 40,489 *l.*, are the details furnished to the Government of India?—Not through the financial department

5809 Is such a sum as that practically at the discretion of the Government of Bombay; I mean, can they incur, at their own discretion and without the sanction of the Government of India, charges which may be 40,000 *l.*, or 50,000 *l.*, or 60,000 *l.* a year?—No, they would not be admitted by the Audit Department without the authority of the Government of India, but the expenditure would not, on the other hand, be included in detail in any account which goes to make up the finance accounts of the year.

5810. But supposing that the Government of India were of opinion that there was too large an expenditure under this head of political agencies, or that it was an expenditure requiring a further investigation, have they at hand the means of analysing that expenditure, and laying their finger upon the items that require reduction or explanation? - Not, I think, at hand; they would require to be supplied with the information.

5811. Then unless some circumstances should call the special attention of the Government of India to the matter, and lead them to require special information from Bombay, the amount of such expenditure as this is practically at the discretion of the Government of Bombay?—It would come under the ordinary action of the department of audit, which requires either a standing authority, or a repeated authority for all expenses in the department.

5812. But authority from whom: authority from the Government of India, or from the Government of Bombay?—From the Government of India, in regard to all new establishments, and all expenditure that had not been previously sanctioned on estimate.

5813. Now I observe that whereas under the charges for the Government of India the head of "Sundry Items" amounts only to 3,000 *l.*, and in other Governments to small items, in the Punjaub; for instance, to 5,000 *l.*, at Bombay it amounts to 40,000 *l.*; why should there be so very large a difference between Bombay and the other Governments?—I have mentioned that this sum of 40,000 *l.* includes that large payment exceeding 12,000 *l.* specially made, as I am aware, under the authority of the Government of India for Armstrong guns in the possession of a native prince.

5814. That was an exceptional circumstance, but what has been the ordinary charge of Bombay; has it been still very much larger than that of the other Governments?—The expense corresponding to this 45,000 *l.* in 1870–71, was 40,000 *l.* in 1869–70, and in that year there was a special payment of 6,500 *l.* incurred at Aden for the acquisition of some territory, and 2,000 *l.* expended for the maintenance of slaves, exceptional expenditure, but the corresponding expense in 1856–57 was 8,000 *l.* as compared with this 40,000 *l.*, and 45,000 *l.* at the present time.

5815. Then we may understand that these are exceptional cases, which will probably not recur, and that another year we shall have only a small sum charged?—A sum very considerably smaller than the present charge.

5816. Mr. *Cross.*] You say that in 1856–57 it was 8,000 *l.*?—That is so.

5817 Could you take it year by year up to 1870–71?—There would be no difficulty in obtaining the information from India, and it is probably available in the annual Finance Accounts presented to Parliament, but I have not all that before me at this moment.

5818 When was the first year that you have got when it was so large?—I have only the three years, 1856-57, 1869-70, and 1870-71.

5819. The exceptional expenditure in 1869–70 was only 8,000 *l.*?—Yes.

5820. And in 1870–71 it was only 12,000 *l.*?—Yes.

5821 Then so far you can tell us the normal expenditure is now about 30,000 *l.* in Bombay?—It would seem to be so.

5822. Can you give any explanation at all of the great increase of the normal expenditure over what it was in 1856–57?—Not any adequate information. The charge for official postage in 1870–71 was 3,700 *l*; that may be taken out.

5823. Was that not included in 1856–57?—No, it was not.

5824. Then have these accounts come straight from the Bombay Government without being subjected to any general audit by the Government of India; who has returned this sum of 45,489 *l.*?—The officer of the Audit Department at Bombay, who is the officer of the Government of India.

5825. Has he made any remarks upon the great increase of expenditure or not?—In the returns which have been sent to me he has not made any remarks explaining that increase.

5826. Is it his duty if he sees any extraordinary expenditure, or any extraordinary increase of expenditure, to make any report to the Central Government or not?—In this instance it should have been explained.

5827. And he has not done so?—He has not done so.

5828. That is to say, so far as this particular item goes, he has not acted up to the instructions that he has received from the Government?—I

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refer to the return which he has prepared for the use of this Committee.

5829. Mr. *Fawcett.*] This item of 290,000 *l.* for political agencies does not include the whole expense thrown on the revenues of India, because something is paid in this country, is it not?—Nothing considerable, I think.

5830. Does not India contribute a good deal towards the expense of the Persian embassy?—The expense in England for political agencies amounts to 61,000 *l.*

5831. Does she not also contribute something to the expense in China?—I do not think I can speak to that.

5832. But you are aware that that has been constantly brought forward as an instance of the unjust way in which India is treated, that she does pay that?—I do not think I can speak to that subject.

5833. Do not you know that as a fact?—Yes.

5834. The cost to India instead of being 290,000 *l.* is 350,000 *l.*, when you add the 60,000 *l.* spent in England?—Yes.

5835. What was the whole cost to India in 1856-57?—£. 210,851.

5836. What kind of control is exercised with regard to this expenditure for political agencies; who is responsible for that?—It is under the same control as every other expense of the Government in India.

5837. Then the Secretary of State, I suppose, has no control whatever?—I do not understand that; the Secretary of State has the means of reviewing or supervising all acts of the Government of India.

5838. Yes, reviewing; but has he, for instance, the power of stopping any one of those items of increase; has he the power virtually to say, "This increase is going on continually; it is throwing a great burden on India, and I forbid it;" has he the power to check it?—I presume so, but it is not a point on which I can speak with advantage.

5839. Can the Governor of Bombay, for instance, incur any increased expenditure without authority from the Government of India in respect of these political agencies?—Yes.

5840. Then the Secretary of State can also incur expenditure, can he not, for these political agencies?—No doubt.

5841. Then what you virtually have with regard to this expenditure is this; you have four or five spending departments; you have the Governor General, you have each of the local Governors, and you have the Secretary of State, and no paramount control over either of them?—There is no want, I think, of power of control.

5842. But I am speaking as to the fact: you admit that expense can be incurred by the Governor General; you admit, to take an illustration, that expense with regard to political agencies can be incurred by the Governor of Bombay; and you also admit that it can be incurred by the Secretary of State; therefore you have virtually four, or five, or six, spending departments, have you not?—Hardly with regard to the same object.

5843. Not the same object, but as far as expenditure of money is concerned, they can spend money?—Yes.

5844. Then do not you think that an answer you gave just now would also apply to this expenditure, that part of the increase is due, as in the case of stationery and printing, to a want of effective control?—I do not know that it is so; it may possibly be so.

5845. Can you give me any explanation as to the transaction about the 12,000 *l.* which you have mentioned for the purchase of Armstrong guns from a native prince?—I think it would be, perhaps, more convenient for the Secretary of the Political Department, who will, I understand, come before this Committee, to speak on that point.

5846. Do you mean the secretary in India or in London?—In London.

5847. On whose authority was that expenditure incurred?—I do not know as a fact; I apprehend it was the authority of the Governor General in Council; it certainly had his sanction.

5848. But are we to understand that this large sum put down for sundries at Bombay was allowed to pass without insisting on a more specific statement of facts?—Very much fuller detail must have been furnished to the officer of the Government of India in Bombay; it has only not been supplied in the accounts rendered to me.

5849. Did he furnish more detailed statements to Calcutta?—No, probably not; he received them.

5850. But the Government of India have virtually been satisfied with such a statement?—Yes, through their own officer.

5851. Do you think that such accounts can be regarded as a satisfactory statement or explanation?—The accounts or the documents to which this expenditure referred must have been examined in full detail by the officer of the Government of India specially charged with this duty.

5852. But as far as I understand no trouble was taken by him in the matter; he did not seem to think it worth his while to supply fuller information to those who employed him?—Certainly, in this instance I consider the information to be defective.

5853. Mr. *Beach.*] Has the increase been owing to the greater number of political agents employed?—With regard to that I found a difficulty in comparing fully, but that does not seem to be the general explanation of the increase.

5854. It is owing to the charges of each political agency?—That is so.

5855. Mr. *Candlish.*] Who authorises the increase of pay to any particular political agent?—The Secretary of State.

5856. Would any increase be given without submission to the Secretary of State, and without his formal approval?—No.

5857. *Chairman.*] Have you the details of the items for the miscellaneous charges for 1871?—I have a considerable amount of detail.

5858. What is the total for 1871?—The total expenditure in India was 1,010,530 *l.*

5859. What was that expenditure in 1856-57?—In 1856-57 the amount was 216,228 *l.*

5860. Sir *S. Northcote.*] Can you give the home charges also of that time, so as to make the comparison complete?—I might not be sure about the arrangement, about the proper sum for comparison; I have the accounts before me.

5861. *Chairman.*] Will you put in an account of the details of the expenditure for 1870-71 contrasted

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contrasted with a similar account for 1856-57? —Yes.

[*The same was handed in, and is as follows :—*]

	1856-57	1870-71.
	£	£.
Allowances to civil servants out of employ	27,068	7,865
Travelling allowances to officers attending examinations	1,453	2,136
Rewards for proficiency in Oriental languages, and allowance to Language Examination Committee.	627	4,024
Charges for remittance of treasure -	16,572	27,949
Loss on transactions with London, and discount on supply bills.	45,508	608,068
District post establishment - - -	7,959	32,475
Donations for charitable purposes -	10,580	29,067
Conservancy charges and contributions to municipal funds.	2,145	21,479
Rewards for the destruction of wild animals.	2,288	10,988
Charges on account of public exhibitions	3,487	4,019
Charges for the exploration of coal and minerals.	5,607	3,548
Charges for Government bulls and stallions	320	5,036
Books and publications purchased by Government	4,113	4,586
Donations to Agri-Horticultural Society	903	1,390
Ditto to Asiatic Society - - -	1,037	2,491
Agricultural exhibitions - - -	2,465	2,330
Assessment and rates on Government buildings.	1,967	32,595
Special commissions of inquiry - -	6,160	10,670
Miscellaneous and unforeseen charges -	75,879	199,814
£	216,228	1,010,530

5862. Can you explain generally how the great increase has occurred; what has been the cause of the great increase?—The largest amount is that described as "Loss on Transactions with London."

5863. What is that in 1871?—In 1871 it is for India, 472,973 *l.* That, although it is a very real charge, is in one sense nominal; it depends at all events in the shape which it takes here, upon the fixed rate of exchange at which the transactions between England and India are converted, 2 *s.* the rupee; it is therefore so far arbitrary.

5864. Is it the difference between the real cost of remittance and the nominal exchange in the accounts?—It is in effect. If a different rate of exchange were adopted for the conversion of these transactions it might show no loss, or a gain, the effect being to show this charge elsewhere.

5865. How was this charge entered in 1856-57? —In the same way; but in 1856-57 the rate of exchange was very different.

5866. What was the amount entered in 1856-57?—The amount to compare with the figure which I gave is 7,404 *l.*; but perhaps I had better give the entire amount for the whole of India. Taking these sums together for the whole of India, the charge in 1870-71 is 608,068 *l.* For the whole of India for 1856-57, the corresponding amount was 12,412 *l.* This really depends entirely upon the rate at which the Secretary of State is able to sell his bills on India for raising the funds required for the expenditure in England.

5867. It is merely the difference between the actual rate of exchange and the nominal rate of 2 *s.* at which it is converted?—Yes.

5868. Mr. *J. B. Smith.*] Do you know what the rate of exchange was in 1856-57?—It was 2 *s.* 1 *d.*, I think; it was over 2 *s.* If it were over 2 *s.* for the whole year it would show no loss; it must have been below 2 *s.* for a portion of the year to have given any loss at all.

5869. *Chairman.*] It must have been fluctuating above and below 2 *s.*, so as to be nearly equal?—Yes: the gain, however, in that year, was much greater than the loss.

5870. Mr. *J. B. Smith.*] What was the rate of exchange in 1870-71?—1 *s.* 10¼ *d.* to about 1 *s.* 11 *d.*

5871. Is this the state of the case: that the Government accounts being all reckoned at 2 *s.*, if the exchange happens to be 1 *s.* 10 *d.* or 1 *s.* 11 *d.* there must be a loss?—Precisely.

5872. And if it goes above 2 *s.* then it is a gain?—Exactly.

5873. *Chairman.*] It would appear as a receipt in the one case, and as a charge in the other case?—That is so.

5874. Mr. *Fawcett.*] Part of this item represents a nominal loss, and part of it is a real loss? —It may be so, but I do not think that it would be practicable to determine how much is real loss; the real loss can only be the measure of the disadvantage at which the bills may have been sold. If they have been sold for their full market value, whatever that may be, there can, I conceive, be no real loss at all.

5875. But now with regard to the payment of guaranteed interest on railways; does not the amount which the Government of India has to pay depend upon the arrangements which have been made with regard to the exchange?—That is so.

5876. Then if the Government had agreed to pay the guaranteed interest at a higher rate of exchange than the market rate at any particular moment, there would be a loss to the Government of India, would there not, and that loss would appear under this item?—Yes, because here is the source from which the funds are raised to pay it.

5877. *Chairman.*] Is that quite correct; is there not a separate item in the accounts for loss on the railway funds?—I think it is quite correct. The guaranteed interest is paid at the rate which was fixed in the original contracts; but the money required to defray that interest is raised by the sale of bills on India, and the loss, if loss there is, occurs then, and will be represented here.

5878. Mr. *Fawcett.*] The agreement was that this guaranteed interest should be paid at the exchange of 2 *s.*?—1 *s.* 10 *d.* was in the earlier contracts.

5879. But in the later ones?—The later are smaller; in effect they are 2 *s.*

5880. What is the exchange now?—At the present moment I believe it to be about 1 *s.* 10¼ *d.*

5881. Then according to that the loss to the Government of India from her railway transactions amounts to something like 4 per cent. more than it appears to?—No, I think not. The Government receives in rupees in India the traffic earnings of the companies, and in reckoning the amount available in England for payment to the companies, it is taken as 1 *s.* 10 *d.* The Secretary of State in raising that 1 *s.* 10 *d.* obtains 1 *s.* 10¼ *d.* for his bills on India; there is thus a gain of a farthing in the rupee.

5882. But on the other hand in the 2 *s.* transactions there is a loss of 1¾ *d.*?—That is true as far as they extend.

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5883. Have you ever made a calculation, for instance, during the present year, of how much the Government of India loses in addition to the nominal amount which she has to pay to make up a deficiency in guaranteed interest?—No, I have not done that.

5884. But that would appear under this item, would it not?—It would in effect come here.

5885. Then if you were going to describe this item in detail, you would have to split it up and say that one part of it, for instance 100,000 *l.*, represents the loss beyond what India appears to lose on her railway transactions?—If investigated something would come under that description.

5886. Mr. *Birley.*] Is it not the fact that Government receives the rupees in India after payment of the working expenses of the railway, and it gives sterling in England to pay the shareholders?—That is so.

5887. So far any loss must necessarily fall on this account, any difference below 2 *s.*?—But the Government does not account to the railway company at the rate of 2 *s.*, but at the rate of 1 *s.* 10 *d.*

5888. The Government calculates the rupee as worth 1 *s.* 10 *d.*?—For this purpose.

5889. But still as a matter of fact the Government does guarantee in sterling money in London?—And the railway company is under engagement to pay over to the Government the whole of their traffic earnings.

5890. But those are in rupees?—Those are in rupees, and the Government account to the railway company in London for those rupees at the rate of 1 *s.* 10 *d.*

5891. But if the Government consider the rupee is worth practically 2 *s.*, they must make up the difference, whatever it may be?—At one time, I suppose, the rupee was estimated to be worth 2 *s.*, but it is probably not accurate to look upon it so.

5892. The intrinsic value is not 2 *s.*?—Certainly not.

5893. Mr. *J. B. Smith.*] I see, at page 22, there is a general abstract of the gain by exchange on railway transactions, and the total amount of the gain is 303,000 *l.*; now is this sum of loss 473,000 *l.* minus that 303,000 *l.*?—I think it may be looked upon in that way. They occur on different transactions, or different stages, at all events, of the same transactions, as far as they are connected with railways. This item to which you have just referred, is the difference between 1 *s.* 10 *d.* and 2 *s.* on the whole amount of the net earnings of the railway companies, that is the traffic earnings paid into the Government treasury, less the amount paid out of the Government treasury, to meet the working expenses of the lines; the whole earnings being under agreement paid over to the Government in India, the net traffic earnings are then made available in England for payment to the railway companies; and the fact of the amount paid to them being only 1 *s.* 10 *d.* for every rupee received by the Government in India, and our accounts being made up at 2 *s.*, shows a large amount of difference, which appears here as gain by exchange. On the other hand, the funds that are required in England to pay this sum to the railway companies are raised by the sale of bills where the market rate, whatever it may be, is obtainable; and as in the settlement of the account between England and India we take the exchange there again at 2 *s.*, there will be a loss if the rate is below the difference between the actual rate realised, which we may assume, for example, to be 1 *s.* 10½ *d.* and 2 *s.*; the difference between 1 *s.* 10 *d.* and 1 *s.* 10½ *d.*, if you assume that rate, will be the real gain on that particular transaction.

5894. What I want to know is this: would that loss have been 300,000 *l.* more but for the gain which we have just alluded to at page 22?—If this transaction were taken out altogether, that is the remittance of these net earnings to England and the consequent drawing upon India for an equal amount, the loss on exchange would be so much less

5895. In fact, instead of being 472,000 *l.*, it would be minus 300,000 *l.*?—Yes; but for illustration the figures should be taken, not at 472,000 *l.*, but at 608,000 *l*, which is the amount for all India.

5896. Six hundred and eight thousand pounds, minus 300,000 *l.*?—Yes, not taking into account the difference, which is not very considerable, between 1 *s.* 10 *d.* and the actual rate at which bills were sold during that particular year.

5897. *Chairman.*] I will now call your attention to the particular leading items which explain the great increase of 200,000 *l.* to 1,000,000 *l.*; we have done now with the 600,000 *l.*; will you direct your attention to the other items of importance which explain this increase; there is 200,000 *l.* more to be explained?—In the head of "Charges for Remittance of Treasure," there is an increase of 11,375 *l.*; that is not due to any additional expense in moving a certain amount of treasure, the expense remains very much what it was, but it is simply due to an additional amount having been moved; this includes a special expense connected with the remittance of 600,000 *l.* of silver to England in the year 1870–71.

5898 I see there is an item of "Loss on Bullion sent to England," 13,500 *l.* to the Government of India; is that merely the difference of the proceeds of bullion and the rate of exchange at which the accounts were rendered?—Yes.

5899. Mr. *J. B. Smith.*] Do you mean that that bullion was reckoned in India at 2 *s.* the rupee?—Yes, and the difference between that and the actual remittance which it gave, or about 1 *s.* 10¼ *d.*, is represented in the account by 13,500 *l.* Then the district post establishment accounts for an increase of 24,516 *l.*

5900. *Chairman.*] What is the meaning of the district post establishment?—That is the postal arrangements within each magistrate's district, which are not generally undertaken by the post office department.

5901. What does the magistrate do then?—It is the communication between the magistrate's station and the police stations in the interior of his district. This involves a certain expense, amounting in the whole to about 24,000 *l.*

5902. Is that all for official communications?—Yes, official communications. There is a certain receipt from this, for this post is allowed to take private letters, and there are arrangements for the delivery of private letters through the police, giving an indirect return to the ordinary post office revenue.

5903. Where are those receipts?—They will go to the sale of postage stamps; merely serving to increase the ordinary postal revenue.

5904. Can you give any further items?—I find

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find that under the sub-head of "Donations for Charitable Purposes," there is an increase of 18,000 *l.*

5905. How is that occasioned?—There is a very heavy expense which is incurred since 1856–57 for maintaining orphans after the great famine; of late years that has thrown a charge which amounts at the present time to 14,000 *l.* annually upon the Government, which is so far temporary.

5906. Unless the famines occur again?—Yes. Then "Contributions to Municipal Funds." Under this head I find an increase of 19,000 *l.*; this was almost entirely in Madras. Under a local Act the Government provides one-fourth of the charges of the district municipal bodies.

5907. Mr. *Candlish.*] Will not that be to the detriment of other districts in India who provide their own?—I am not sufficiently acquainted with the conditions under which the grants are made.

5908. *Chairman.*] It seems to be some special system applicable to Madras alone?—That is so, and it may be that there is some return for that.

5909. Mr. *Candlish.*] A contribution to Madras made from the general funds of India would be of course obtained from India generally for the benefit of Madras?—I am not sufficiently acquainted with the circumstances under which this grant of money is made to be able to say whether that is so.

5910. Mr. *Fawcett.*] May it not be considered as a set-off given to Madras for the comparative economy with which public expenditure is administered there, as compared with the reckless expenditure of Bombay?—I should not suppose that that view had been taken.

5911. *Chairman.*] It is under an Act, you say?—It is under an Act, No. 10, of 1865, of the Madras Legislature.

5912. Which would have required the sanction of the Government of India?—Quite so.

5913. There is an item of "Two-thirds freight on stores from England" in the accounts of Calcutta and Bombay; has that been much increased by the change of system in supplying the stores?—It depends entirely upon the amount of tonnage required, and the rates of frieght.

5914. I mean as compared with *1856*; do you find the same item?—I have not got the amount paid in 1856–57.

5915. We had it in evidence that the beer was all shipped now in England, and paid for in England by contract as beer?—Yes; the charge in India would be double the charge in England, whatever that was in *1856-57.*

5916. If it refers to this?—This refers to all stores, all freight taken up by the Government.

5917. Without reference to its being civil or military, do you suppose?—Yes.

5918. That is a considerable sum; 38,000 *l.* in Bombay, and 21,000 *l.* in Bengal; I do not see it in Madras?—In Madras it is comparatively small.

5919. There is an item of "Loss on Government Shares, Old Bank of Bombay," 48,000 *l.*; that I presume is a special item for that year?—Yes, that is a special item.

5920. Do you know what that represents; is that the loss in consequence of the failure of the Bank of Bombay, on the shares held by the Government?—It is so.

5921. The Government shares were about 50,000 *l.*, were they not?—The sum was originally 120,000 *l.*, of which one half was written off on the occasion of the reduction of the capital by the Bank of Bombay.

5922. The first loss?—The first loss. There was an admitted loss of one-half of the capital; and in 1867–68 half of the value of the shares held in the bank by the Government was accordingly written off.

5923. Half of the subscribed capital?—Yes; and in 1870–71 the balance, after allowing for a return which had been made by the bank in liquidation, and allowing for a very small amount, which it was expected would be returned by the liquidators, was written off; this represents the charge of 48,000 *l.*

5924. There will be nothing to correspond with that in 1856 in the accounts?—Nothing.

5925. I see there is an item of "Rewards for Killing Wild Animals" in Oude, and that reappears in other presidencies; is there a scale of rewards given for the destruction of wild animals?—That is so, it varies in different provinces, according to the necessity for it; and I think the late Governor General was of opinion (the grounds of which I am not aware of) that the expenditure for the destruction of snakes was unproductive, and it was discontinued for a time; whether it has been given again, or not, I do not know.

5926. It extends to all noxious animals?—Including elephants in some parts; it is largely for tigers, and leopards, and venomous snakes.

5927. Mr. *J. B. Smith.*] Have you had any return of the number of wild animals which have been killed?—I have seen such returns.

5928. They must have been very numerous?—Very.

5929. Mr. *Candlish.*] That allowance is discontinued now?—For the destruction of venomous snakes it was discontinued for a time; whether it is paid now I am not aware.

5930. *Chairman.*] However, there is a considerable return of people destroyed by the wild animals?—Yes.

5931. Do you know whether the difficulty of getting rid of the wild animals has been considerably increased by disarming the people?—I think that the people have always been allowed to retain arms where this reason has been known to exist.

5932. There is an item of "Charges for the Exploration of Coal and Minerals" in the Central Provinces, 2,594 *l.* That I suppose would be a new item as well as the previous item in Bengal?—Yes, that is special.

5933. Mr. *Cave.*] With regard to the item "Government Bull and Stallion Charges," is there a Government establishment for horse breeding and cattle breeding, or in what way is the money spent?—This is not connected with the stud establishments maintained for the supply of horses to the army. These may be considered special expenses in certain provinces with the view to improving the breed.

5934. In what way is that expended; do the Government keep stallions and bulls, or do they give prizes?—The Government has in some instances imported bulls from parts of India where the better breeds are found.

5935. They are Government property, in fact?—Yes, I think so.

5336. *Chairman.*] In Madras I observe there is a considerable item as compared with other

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provinces in regard to "Allowances to Civil Servants out of Employ, and to those qualifying for the Public Service," 2,818 *l.* Do you know why it is so much more than in Bengal or any other government except Bombay, where the allowance amounts to 4,685 *l.*?—In this year in Bombay there were 14 junior civilians who drew pay for some time under this head. I think that it depends more upon the way in which they are employed. When they are attached to a collector soon after arrival in India, the charge under this head is less.

5937. Mr *Candlish.*] You have spoken of an allowance to orphans; are there no local provisions for destitution in India?—Little or none.

5938. Mr. *Birley.*] Do you not think that this way of keeping the accounts of the item of exchange is very inconvenient, and that it would be better to show how the exchange rights itself by the profit on the other side?—The form in which the finance accounts should be presented to Parliament has been in the last year under consideration, and this particular item will be stated in a different way so as to show the amount of the transactions on which it occurs, and more accurately the way in which it arises; but I am not sure that it would be desirable to compare this with the gain which, though it is connected with it, arises in a perfectly different form.

5939 Still nothing to my mind could be more unsatisfactory than such an item as this, "Loss on Transactions with London," 472,000 *l*, and even these further items scattered about the different provinces, which are partially recouped by profits on the other side; would it not be well if there could be an exchange account?—I will give it consideration.

5940. *Chairman.*] The next item is the Superannuation, Retired, and Compassionate Allowances, at page 51 of the Accounts; can you state what that is now as compared with what it was in 1856–57?—In 1856–57 the entire expense under this head was 424,930 *l.*, the entire expense in 1870–71 is 655,969 *l.*

5941. Sir *S. Northcote.*] I suppose you cannot give the comparison of the expenditure in England in this year?—I could not immediately. I have got the Home payments before me, but I am not sure that I should interpret the account correctly, as it is one with which I am not familiar. The two are really not so closely connected. The superannuation allowances paid in India belong for the most part to a perfectly different class, and may fairly be compared with those paid at the present time, I think. Out of the total expense I would divide this head into two branches, one which represents very closely the true cost of superannuations in India, and the other representing the donations to the service funds and so forth paid in India and charged in the accounts there, which really relate to a class of persons residing in England. The principal head of Superannuation and Compassionate Allowances in India in 1856–57 amounts to 122,886 *l.*, with which I should compare the sum of 301,666 *l* in the accounts of 1870–71, out of the sum of 655,000 *l.*, which I mentioned just now.

5942. *Chairman.*] And how has that portion of the expenditure mounted up?—The increase of course is very considerable, and is due first of all to the Government having extended the advantages of pensions to classes that some years ago did not receive any pensionary allowances.

5943. When you speak of classes, what classes do you refer to?—The lower grades of servants; the police, and so forth.

5944. Servants paid upon monthly wages have now been converted into permanent public servants?—To some extent; the advantages have been extended below. Then the general advantages of pension were certainly a good deal improved rather before the time of 1856 that this comparison refers to. Formerly a pension was rarely granted, except on medical grounds, absolute failure of health, and at the present time a pension is granted irrespective of considerations of health after certain length of service, 30 years, and in the lower grades 35 years. Then a measure has also been adopted enforcing retirement at a fixed age, the age of 55; that, particularly in the last year, 1870–71, has thrown a very large number of new entrants upon the list of superannuated persons.

5945. Then the arrangements that were made some years ago are now beginning to be felt by the superannuation fund?—Yes.

5946. Mr. *Candlish.*] They will continue largely to increase?.— They will no doubt increase largely, but not, I think, from that cause; a very great increase is due to the increased rates of pay which have been assigned to the various branches of the service, carrying in every case a prospective increased charge in the way of pension which is fixed at a certain proportion of the salary; then the increase in the number of the public service in various departments has brought, and will bring future increased charge.

5947. *Chairman.*] Is it your opinion that this increase has yet reached its maximum average, or that it is only in a progressive state?—It has by no means reached its maximum; the increase has been very great; the increase in each year from the year 1864 has never been less than 3 per cent. on the amount of the previous year; in 1865 there was an increase of 5½ per cent. on the annual charge; in the following year, 1866–67, there was an increase of rather over 9 per cent on the charge for the previous year, and in 1867–68 there is an increase of 7¾ per cent. on the charge for the previous year.

5948. Has any estimate been made of the probable maximum under the present arrangements?—I have tried to do that, but so many considerations have to be taken into account that I have not formed any opinion satisfactory to myself.

5949. Is that explanation to be limited to the charge of 301,000 *l.*, which you have mentioned, or does it apply to the whole 655,000 *l.*?—It should be confined to the smaller amount.

5950. Has any increase in this item of 301,000 *l.* originated from special pensions arising from the disturbances in India, commonly called the Mutiny?—A considerable amount is attributed to that cause in the North Western Provinces. There has been an increase there of about 31,000 *l.*, a large proportion of which is attributed to pensions granted to relatives of those who were killed during the Mutiny. The same explanation applies in part to the Punjaub, where there has been a large increase.

5951. Has there not been a very considerable increase in the Central Provinces?—Proportionately a very considerable increase; I think that is only from its having been new territory.

5952. In point of fact, the service having recently been organised there, the pension system had

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had not come into practical operation?—That no doubt is the cause in the Central Provinces.

5953. Will that be the same in Oude and in the Punjaub?—It will apply to Oude, but not quite in the same degree, because before the events of 1856–57, we no doubt employed a very much larger number of residents of Oude in the service of the Government than of the Central Provinces.

5954. Mr. *Fawcett*.] You say that this increase in the amount of pensions has arisen from an increase of pay given to the employés of Government?—That is one cause.

5955. And the principal cause, I suppose?—It is a principal cause.

5956. What has that increase of pay been owing to, owing to an increase in the cost of living, I presume?—That has been one reason which has led to an increase of pay.

5957. Therefore, this fact that this item is increasing is an illustration of a very important fact, that as the value of money becomes depreciated in India, the expense of administering that country must necessarily increase?—Yes, I think so.

5958. As a matter of fact, that depreciation of the value of money is going on at the present time, is it not?—Yes.

5959. Mr. *Beach*.] Is there any deduction from the pay in the form of a superannuation fund?—Not in the case of the ordinary service of Government.

5960 Is there any other service?—There are special arrangements for the Civil Service in which there is a deduction made of 4 per cent., and retiring pay granted under special conditions. In the police, too, there was a system of making a regular deduction from the pay: that has been put a stop to; it is not the general condition.

5961. Was it found to be unsuccessful; was it unpopular amongst those who were employed?—No, I am not aware that it was open to objection on that account, but it was thought a needless process of taking money on the one hand, to confer a prospective benefit on the other, and that it was better to fix the rate of pay with reference to the prospective advantage of a pension than to complicate the matter by a deduction.

5962. Was the pay reduced in consequence of there being no deduction?—Yes.

5963. Mr. *Candlish*.] Who decides the policy of extending superannuations to other and lower classes of the public servants?—The Secretary of State in Council.

5964. Not the Governor General?—No.

5965. And no local Indian authority?—No.

5966. You could not enumerate the further classes to whom superannuation has been extended?—I think they have been included in a paper which has been put in.

5967. Do the suggestions for increased superannuation originate usually in India, or are they originated at home?—I think they are originated in India on the representation generally of those interested.

5968. Do you mean the Governor General or the other governors?—No, I mean that the class of persons who have been interested have ordinarily memorialised the Government for improved pensionary advantages.

5969. And the suggestions come home through Indian officials?—Yes.

5970. *Chairman*.] Will you explain the cause of increase as regards the balance of 354,000 *l.* in this item?—There is but little increase on the remainder; out of 424,000 *l.* I have explained 122,000 *l.*, leaving about 300,000 *l.* in 1856–57 as against the difference between 301,000 *l.* and 655,000 *l.*; there is a difference of about 50,000 *l.*

5971. Do you know what the cause of that increase of 50,000 *l.* is?—The major part of it is in the pensions of the military fund, which has ben taken over by the Government. There is first an increase of 33,600 *l.* in gratuities, that is gratuities in the nature of superannuation allowances given in lieu of pensions to persons discharged from the Government service after short service, or gratuities to the families in some instances of those who have died or lost their lives in the service of the Government Then in donations to service funds there is an increased charge of 18,573 *l.*; that is the increased value of the annuities granted for the most part to the retired members of the Civil Service. In the earlier period there was a fixed number of annual retirements, which has been removed, not necessarily making this charge more, but making it more variable. It may, however, and, in fact, has made it more.

5972. They are now entitled to retire if they wish it, absolutely, after a certain number of years' service, and Government is entitled to make them retire after a still further period?—That is so.

5973. And the operation of that has been, at present, to make an increased charge?—That is so. Then there is an increase in the pensions of the military fund of 13,000 *l.*, and of the military orphan fund of 13,500 *l.*, which accounts for the whole. Those increases are owing to the funds with their respective liabilities having been taken over by the Government.

Tuesday, 4th June 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Candlish.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Hermon.
Mr. Lyttelton.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

MR. EDWARD FRANCIS HARRISON and MR. EDWARD GAY, were re-called; and further Examined.

Mr. *E. F. Harrison* and Mr. *E. Gay.*
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5974. *Chairman* (to Mr. *Harrison*).] I WILL call your attention to the "Allotments for Provincial Services," amounting to 200,000 *l.* in the account for 1870–71; did this head of expenditure exist in 1856?—This is entirely new and is not a recurrent charge. It depends upon a new arrangement made for certain heads of expenditure by which they are transferred to the control of the local governments; the arrangement was made in December 1870, and the Government of India resolved to make over to the local government these branches of the administration—the gaol, registration.

5975. That is the registration of land titles, and of the other transactions?—Of land titles and of other deeds and wills; also the police, education, medical services (except the pay of the civil surgeons), printing, and expenditure on roads, on miscellaneous public improvements, and on civil buildings; to which was afterwards added the charge for repair of civil buildings. Under this arrangement any receipts arising under these heads were given up to the local government, and a sum in gross assigned to defray the charges.

5976. At the commencement?—That was done at the commencement; but a sum in gross, in perpetuity, out of the annual revenue, was assigned to meet the charges for these heads of expenditure.

5977. Then will the ~~income derived from~~ these sources be still brought into the general accounts?—No, it will not; that will disappear from the accounts, as also the expenditure. In place of it will be the contribution from the general revenues made under this arrangement.

5978. But will that contribution be more or less than the 200,000 *l.*?—That 200,000 *l.* is a sum assigned for the commencement of this system, therefore this 200,000 *l.* is once for all.

5979. This item will disappear, but another item of charge will appear in shape of a contribution?—That is so.

5980. Do you know at all what that item is expected to be?—I must just explain the principle on which it was arranged. The arrangement was to take place from the beginning of the year 1871–72, that is to say, from April 1871. The general principle of the arrangement was, that an amount was to be assigned, equal to the sum allowed on the Estimates for the year 1870–71. The whole of this amount was not allowed; a reduction of 350,000 *l.* from the total sum was made, a proportional reduction being made from the grant to each Province; the effect being to improve the financial position of the Central Government by about 350,000 *l.* annually. The net amount taken as the basis of this arrangement was 5,103,564 *l.*

5981. That would be subject to the deduction of the 350,000 *l.*?—That is so.

5982. Are the local governments to have the absolute spending of their share of this sum without any control on the part of the Government of India?—A certain degree of control is retained. It is intended to allow great freedom of action; the principal object of the restrictions being to prevent the organisation of branches of the service receiving different rates of pay from those recognised in the general service, and some other reasons; and, therefore, the sanction of the Government of India was made necessary to the creation of all new classes of appointments, and to all appointments the pay of which was to exceed 300 *l.* a year, and there were certain restrictions as to the conditions of appointment, and of allowances during leave of absence, and so forth.

5983. Will you be good enough to refer to the items in the account, both of receipt and expenditure, showing which of the items will either disappear or be diminished on both sides of the account

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account for 1870–71, consequent upon the arrangement which you have just stated?—On the revenue and receipt side of the account, the head of law and justice will be diminished (dealing with the gross at page 8) by the receipts connected with the management of the gaols and the registration department.

5984. What will the total diminution be upon that, the entire reduction? — The estimated receipts in 1870–71, under the head of gaols, will be 146,498 *l.*, and under the head of registration will be 165,365 *l.*

5985. So that the item of 746,000 *l.* for law and justice will be diminished by those two sums; is that so?—That is so. The head of police will be reduced by 251,944 *l.*

5986. The whole item being 270,000 *l.*?—Practically the whole will come out. The head of education will also come out entirely.

5987. That is 61,000 *l.*?—Yes. The printing receipts will also come entirely out of the account of miscellaneous.

5988. What was the total of printing?—The total of the printing receipts is taken at 6,500 *l.* in the Estimate for 1870–71. Then, on the expenditure side of the account, the whole expense of the gaols and registration will come out of the expenditure on law and justice, which is stated at page 9.

5989. Will you state the figures?—The gaols, 617,811 *l.*; the registration expense, 120,212 *l.*

5990. Mr. *Fawcett.*] What you mean is, I presume, that this item of expenditure, and others which you are going to enumerate, which before have been made Imperial charges, will be henceforth provincial charges, and will not appear in the accounts?—That is so.

5991. *Chairman.*] Will you proceed with your explanation?—The head of Police will come out altogether, that is 2,275,000 *l.*; the head of Education will also come out entirely, 624,000 *l*; the head of Medical Sevices will be reduced by the sum of 302,532 *l.*

5992. From the 523,000 *l.*?—Yes, that is so; there has been some further small reduction allowed.

5993. The whole of those reductions, I suppose, will make up the 5,100,000 *l.*?—There is the expense of printing, which will come altogether out of stationery and printing; it makes up nearly the whole amount of that sum.

5994. Then do I rightly understand that after making the deductions which you have stated from the credit side of the account, it will appear in the form of a sum granted to the provincial governments in aid of the local administration?—That is so; and in the Estimates for the current year, 1872–73, I may mention that a sum of 4,918,000 *l.* appears as Allotments for Provincial Services.

5995. But that will not agree with the arrangement that you have just been explaining to us?—In the Estimate for 1871–72 the sum is taken at 4,799,300 *l.*; the figures that I have given will account for a permanent assignment of 4,688,711 *l.*, and there has been some slight modification of these, in the following year, making the change in the figures which I have just mentioned.

5996. So that the grant that was proposed to be made under the arrangement of 1870–71 has been, in fact, increased by a considerable amount?—By a certain amount; it is a little over 100,000 *l.* in the first year, and for the Estimates of the current year again somewhat over 100,000 *l.*

5997. Will accounts of the local governments now be appended to the Imperial account, or will they be withdrawn, as they have hitherto been?—I am not sure until the account comes to be stated, but any precise form of stating it cannot be said to have been decided upon; but an account will be stated in connection with the Finance and Revenue Accounts of the year, showing the income and showing the expenditure in each of the governments, for the several purposes for which it has been assigned.

5998. Sir *C. Wingfield.*] The local governments will submit their budget estimates of receipts and expenditure, provincial services, as heretofore, for the approval of the Government?—Not quite as heretofore, but it will be submitted.

5999. For the knowledge of the Government?—Yes.

6000. Mr. *Fawcett.*] I am utterly at a loss to understand the exact nature of this change; is the effect of it this, that certain charges which before were made out of Imperial revenue will now be made out of local revenue?—Rather under local management.

6001. But do I rightly understand this, that certain expenses which were before defrayed entirely out of Imperial taxation will be now either wholly or in part defrayed out of money raised by local taxation?—In part only.

6002. You mentioned certain items which in the aggregate, as I understand you, amount to 5,000,000 *l.*, do they not, of expenditure which will henceforward be withdrawn from the general Imperial accounts?—That is so.

6003. And all those items of expenditure up to the time when the change to which you refer was introduced, were of course defrayed out of money entirely raised by Imperial taxation?—No, from the nature of these charges many of them are essentially of a local character; they were all defrayed from receipts which were incorporated with the general accounts of the revenues, but which are not the produce of the general system of taxation. The profits arising from the gaols, for example, and the receipts of the registration department, depend entirely upon the amount of duty thrown upon those departments in the several provinces. So with the printing, and so in part with the police.

6004. Sir *C. Wingfield.*] The police of cities?—Quite so.

6005. Mr. *Fawcett.*] I can quite understand that the amount which has to be defrayed depends upon local administration; the point which I want to get at is this,—suppose for instance that a deficiency has to be made up in some gaol in Calcutta and a gaol in Bombay; that 100,000 *l.* has to be made up to meet the balance of expenditure over receipts in Calcutta, and 50,000 *l.* in Bombay; up to the present time, I understand that that 100,000 *l.* and that 50,000 *l.* would not have been provided by local taxation levied in Calcutta and Bombay, but would have been supplied out of the Imperial funds?—That is so.

6006. I want to know under the change, what are the charges which have been before, as you say, provided out of Imperial funds, which will be wholly or in part provided out of funds obtained by local taxation?—The increase in the expense, should there be any increase, of the several

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several heads of charge which have been enumerated.

6007. Then am I to understand this, that no charge whatever which has before been paid out of Imperial revenues, will be henceforward paid out of local revenues; because if that is the case, it is entirely contradictory to an answer that you previously gave me?—There is the general reduction of 350,000 *l.* mentioned from the sum which these heads of charge imposed upon the general revenues. That from the commencement has to be provided from new or local sources.

6008. Then in addition to that, all items of expenditure rapidly-increasing in India, all the increase is henceforward to be defrayed out of local taxation?—Local sources of income.

6009 The result of this change will be to deceive or to mislead the English Parliament and the English public entirely as to the financial position of India, will it not?—That does not appear to me to be the effect.

6010. For instance, we have a financial statement, you are aware, made in Parliament every year; we are told the amount of Imperial expenditure, we are told the amount of Imperial revenue, we are told the amount of Imperial taxation which is levied, but you are as well aware as I am that no estimate is ever made of the amount of local taxation that is imposed, and therefore that amount of local taxation will be kept entirely out of our sight, will it not?—No.

6011. Has not that been the practice in the past?—That is true as to the past

6012. From all the speeches made by successive Secretaries for India and Under Secretaries for India in Parliament, it is not possible, as you are well aware, for any Member of the House of Commons even to form any estimate of the extent to which the Indian people are burdened with local taxation?—I think that the effect of this change will be to place these facts more clearly and prominently before every person interested in them.

6013. But I understand you that in future more money is going to be provided by local taxation for Imperial purposes than was provided before. If things go on in India in future as they have gone on in the past that will be the case, will it not?—No more will be raised than is required. And perhaps it will be convenient that I should state now the expressed views of the Government of India on this point. I allude to the resolution of the Government of India forming this arrangement. "The Governor General in Council believes that it will produce greater care and economy, that it will import an element of certainty into fiscal system which has hitherto been absent, and that it will lead to more harmony in action and feeling between the supreme and the provincial government than as heretofore prevailed."

6014. The point which I want to know is this: if that arrangement is adopted, how can we know from the financial statement made before us in Parliament the particular amount of taxation both local and Imperial, that we henceforward impose upon the people of India. We shall know the amount of Imperial taxation that is levied upon them; but suppose, for instance, that the Government of Bombay continues their present career of extravagance, which has been shown from these figures, how shall we have the same cognisance in Parliament of the amount of local taxation that is imposed upon them as well as Imperial taxation. Will not the local taxation be to a great extent, if not entirely, kept out of our view?—In regard to that, I may read this paragraph in this resolution of the Government: "Each local government will publish its own yearly estimates and accounts in the local gazette, together with a financial exposition (which should, where possible, be made before the local legislative council) analogous to that annually made in the legislative council of the Governor General.' The several estimates and accounts will be compiled, and a general statement for all India published as a supplement to the Imperial estimates and accounts."

6015. But that does not answer my point at all. What security does that give us, for instance, that the particular from the local taxation which will be required to meet this increased expenditure will be known to the English Parliament, who ought to exercise some check over Indian extravagance; that gives us no guarantee for that?—As far as a statement of accounts can supply the facts, provision appears to have been made for putting it forward.

6016. Mr. *Candlish.*] Is there any provision for laying these local accounts so published before the Imperial Parliament at home?—It is said that they will be published "as a supplement to the Imperial Estimates and Accounts;" that implies an intention of laying them before Parliament with the Imperial Accounts.

6017. *Chairman.*] Does not the obligation to lay the accounts before Parliament depend on the terms of the Act of Parliament, which requires the accounts to be furnished?—That is no doubt the case.

6018. Therefore if the Act of Parliament is sufficiently comprehensive to embrace these accounts, as you perhaps are aware it is, they will be obliged to lay them before Parliament?—I think it follows from that.

6019. Mr. *Fawcett.*] But simply on a statement like that, it would satisfy the words of that statement if the amount spent and the amount received were mentioned, and the way in which the money was spent; but that paragraph which you have read out does not in the least give us any security that we shall have a detailed budget statement informing us as to the particular form of taxation by which the revenues are obtained; that is what I want to get at?—Such information is not usually presented in accounts.

6020. I will give you an illustration. You are probably aware that an income tax, far more objectionable than the Imperial income tax in its incidence, has been imposed as a local tax by the authorities of Bombay, and that the fact of the imposition of it was only found out accidentally by an honourable Member asking a question; this far more obnoxious tax than the Imperial income tax was never mentioned in the English Parliament, and was simply found out by accident. You are probably aware, for instance, that an income tax has been, or is in process of being, imposed on the people of Bombay as a local tax which will affect not incomes of 100 *l.* merely, but incomes down to 5 *l.*?—I am aware of the general arrangements.

6021. What security have we that taxes as bad as that, or even worse than that, may not be imposed by these local authorities, and that Parliament will never know anything about it?—It

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is certainly not the case that this arrangement to which you refer was long unknown.

6022. I want to get distinctly whether we have or have not a security that a local tax of that kind can or cannot be imposed without Parliament knowing it; because to my mind the security which is given us is absolutely inadequate?—I think there is no loss of security.

6023. *Chairman.*] At present you are aware that there is no arrangement whatever by which the acts of the Governor General in Council, with reference to the budget for the year, are to be laid before Parliament?—None.

6024. The arrangement under the Act of Parliament is, that the accounts of the past administration of the year shall be laid before Parliament; you know that that is so?—I know that that is so.

6025. And there never has been any Act of Parliament by which the action of the Governor General, nor has there been any practice of Parliament by which the action of the Governor General, in prospectively framing a budget should be brought under the notice of Parliament; is that so?—The Act requires that the latest estimate of the revenue and expenditure shall be laid before Parliament.

6026. But not until after it has been all completed and acted upon in India?—That is so.

6027. Are you aware that the budget statement accompanying the estimate has never been laid before Parliament at all?—Just so.

6028. Therefore, as far as the local administration is concerned, it will be carried on exactly as the administration of the Governor General is at present?—Yes.

6029. Whatever obligations are applicable to the Governor General's administration will be applicable to the administration of the Presidencies?—Quite so.

6030. Mr. *Fawcett.*] But that does not meet my point; suppose there was no change in the system, and the expenditure in these local charges during the next five years had increased to 5,000,000 *l.*, under the old system that 5,000,000 *l.* would have been raised by additional taxation, which certainly would have been brought within the knowledge of Parliament, because it would have been Imperial taxation; it must have been obtained either by increasing the income tax or by increasing the salt duty, or by some general tax; therefore it would have been brought within the knowledge of Parliament; under the new system, if there is an increase of charge for these local or provincial purposes of 5,000,000 *l.* during the next five years, the whole of that amount will be obtained, not by Imperial taxation, but by local taxation; and what I cannot discover is this, that Parliament will have the slightest guarantee, though it may be informed of the amount, that it will be informed of the local taxes which it has been necessary to impose, in order to obtain this additional money; and that is the difference, as I understand it, between the old and the new system?—I think that the Government of India have indicated the intention of supplying at least as much information as has hitherto been available; and of course anything further that Parliament may require will be added to that.

6031. It is not certain from anything which has occurred yet that these local budgets will be laid before Parliament, is it?—They are new, and therefore it is impossible for me to speak.

6032. What I want to find out is this, there is no provision made that they should be laid before Parliament?—In effect I think that is provided, when it is provided that a general estimate for all India of these local estimates and accounts shall be published as a supplement to the Imperial estimates and accounts.

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6033. Now what is the exact nature of the control which the Central Government will exercise over this local expenditure; because evidently the effect of this change will be in time probably greatly to increase the amount that is raised by local taxation?—No measure depending upon the legislative action of the local Government can take effect without the sanction of the Governor General.

6034. Then the Secretary of State has nothing whatever to do with it?—No part of this arrangement can of course affect the position in regard to the question of the Secretary of State for India.

6035. Sir *C. Wingfield.*] The Secretary of State can veto any act?—Quite so.

6036. Mr. *Fawcett.*] Then must every new local tax that is proposed (I want to get at whom one can make responsible for this) receive distinctly the consent of the Governor General in Council and the Secretary of State in Council?—Of the Governor General in Council.

6037. Then any amount of local taxation may be imposed without even asking the authority of the Secretary of State?—All legislative acts of Government in India are subject to the veto of the Secretary of State.

6038. For instance, suppose that I or some one else thought it necessary to censure some authorities, and wished to ask Parliament to express its opinion, and to censure some authorities for allowing such a local tax to be imposed as an income tax levied on incomes of 5 *l.*, which has been imposed in Bombay, is the Secretary of State, or is he not, in the slightest degree responsible for the imposition of that tax; was that tax, before it was imposed, laid before the Secretary of State, and his consent asked?—I do not think that I can distribute the responsibility in a matter of that kind.

6039. I do not want it distributed; I want to know was he consulted in the matter, or not; was it done without his authority, or not?—I am unable to say.

6040. (To Mr. *Gay.*) Can you give me any information on the point?—No, I cannot.

6041. (To Mr. *Harrison.*) From whom could I obtain that information; you are comptroller of the finances of India?—That is a question apart from the duties that fall to me, I think, as comptroller.

6042. Do not you know, as a matter of fact, whether these proposals for levying new taxation are, or are not, submitted to the Secretary of State for India?—No, I do not know the course.

6043. How much at the present time is levied in local taxation in India?—That I cannot say at the present moment.

6044. You, as the comptroller of the finances of India, can give us no idea whatever, as to the amount to which the people of India are taxed?—This arrangement is one to which no effect at all had been given until the 1st of April last, and I left India before that.

6045. Should I be wrong in saying that the amount of local taxation imposed on the people of India amounted to nearly 30,000,000 *l.*; I mean taxation that does not come into the ac-

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counts now before us?—I have not any statement enabling me to answer that question now.

6046. How will this 350,000 *l.* which is to be devoted, as I understand, to the provincial governments, the local governments out of Imperial revenues, be distributed?—The amount which I mentioned was 4,750,000 *l.*

6047. *Chairman.*] There were two or three items of receipt which they take to their own credit?—The total is 640,000 *l.* of receipts.

6048. That would leave 4,100,000 *l.* on the basis that you have stated as the contribution to come from the Imperial Government?—The basis of the arrangement was the amount estimated to be expended on these services in 1870–71; that was 5,667,000 *l.*

6049. You told us that the net basis was the whole expenditure of 5,100,000 *l.*?—Yes.

6050. Was that after deducting the 350,000 *l.* that it came to 5,100,000 *l.*, or before deducting it?—It is before deducting the 350,000 *l.*; after the deduction of the receipts.

6051. Then the actual basis was about 5,600,000 *l.* from which they started; and 4,700,000 *l.* is the sum that is to be granted to the several Governments, in certain proportions, in aid of their local administration?—Yes.

6052. Mr. *Fawcett.*] How will that contribution which is to be made from the Imperial revenues to local governments for their local purposes be apportioned?—It is on the basis of the Estimates for the year 1870–71; I can give the amount for each Government.

6053. What I mean is this, will it remain fixed?—It is intended to remain fixed.

6054. Is that distinctly stated?—Certainly. The expression on that point in the original resolution is as follows:—"The Government of India is accordingly pleased to make over to the Governments, under certain conditions to be presently set forth, the following departments of the administration in which they may be supposed to take special interest, and to grant permanently from the Imperial revenue for the services, the sum of 4,688,711 *l.*"

6055. That does not meet my point; it says that the aggregate sum is to be permanent, but it does not say that the shares into which it is divided shall be permanent?—That I think is certainly intended, if not expressed.

6056. But in an arrangement like this you will agree with me, I think, that this should be stated?—It is so later on; it is expressed in this way: "The actual permanent Imperial assignments for provincial services will be then as follows, all receipts heretofore credited in connection with these services being given up to the Provinces in which they accrue." Then follows the distribution: so much to Oude, so much to the Central Provinces, and so on in succession.

6057. Sir *C. Wingfield.*] In fact, this arrangement is that the Government of India fixes once for all its contributions from Imperial revenues for local purposes?—That is the principle.

6058. And gets rid of all liability to increased demands in future?—That is the intention of the arrangement.

6059. And whatever the deficit was, if these Imperial grants, coupled with local receipts, are insufficient to provide for local wants, the provincial governments must raise the money for themselves by local taxation?—Yes.

6060. And has not the effect been that in Bombay two new taxes were introduced on this especial account?—I can give no information in regard to that point; it is the case, I know.

6061. A tax on feasts, which was dropped, and a tax on the non-agricultural rural population; and perhaps you are aware that Sir Seymour Fitzgerald, in introducing these two taxes to the Legislative Council of Bombay, said distinctly that he deplored having to propose them, but as the Supreme Government had reduced the grant to the Bombay Presidency, he must either starve the local services or find the money somehow?—I think I have seen that stated.

6062. Sir *T. Bazley.*] Are you aware by what kind of tax they proposed to raise the local revenue to meet the Imperial contributions?—No, I think I can give no information on that.

6063. Mr. *Candlish.*] Can the local taxes be imposed without the consent of the Governor General?—No.

6064. Can they be imposed without the consent of the Secretary of State?—I apprehend not.

6065. Mr. *Fawcett.*] But just now, when I asked the same question, you said that you could not answer it?—I cannot answer the question.

6066. Mr. *Candlish.*] Your impression is that it is not so?—That is my impression.

6067. Sir *D. Wedderburn.*] Is it not the case that an Act of the local Legislature imposing one of these taxes comes into operation immediately on receiving the signature of the Viceroy as Governor General?—It requires the consent of the Viceroy as Governor General before it can come into operation.

6068. Does it not come into operation at once, though it must come home for the Secretary of State to exercise, if he chooses, his power of veto?—If it is an Act which by the nature of it will come into operation on being passed, it is then passed into law.

6069. With the simple assent of the Governor General?—That is so.

6070. Mr. *Candlish.*] Has the Governor General anything more than a veto power; can he originate local taxation?—The Governor General does not originate local taxation; he has the power of veto.

6071. Sir *C. Wingfield.*] Except in those Governments that have no local Legislature; some Governments have no local Legislature, and their local Acts must be passed by the Governor General in Council?—Yes.

6072. Mr. *Candlish.*] Then the taxation of an income of 5 *l.* a year would be with the concurrence of the Governor General if so taxed?—With his assent.

6073. Respecting the proceeds of local taxation, do the accounts set out the various sources whence derived?—No accounts have yet been rendered, the system being entirely new; the accounts for the first year ending March 1872, have not yet been prepared or published.

6074. Does the Act of Parliament impose it upon the local Legislature to furnish an account of each of the sources of taxation, and the amount derived from that source?—The Act does not mention or recognise, I think, the local Legislatures at all; in regard to the accounts, I mean.

6075. The question has regard to the rendering of accounts; how do you expect to get local accounts, if there is no legal obligation to furnish them?—There is an expressed intention on the

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part of the Government of India to render them.

6076. But how can the Governor General get them if there is no obligation on the local authorities to supply them?—There is a general subordination of the local governments.

6077. A subordination instituted by statute?—That is so.

6078. Then does that give him statutory power to call for these local accounts?—I consider that it does.

6079. Then it is in his discretion to call for the accounts, or not?—Yes, I consider that to be so.

6080 Then, unless he thought it expedient, England would have no source whatever whence to obtain any information?—The obligation on the part of the Government of India to render accounts to Parliament cannot be affected by any internal arrangement made in India.

6081. *Chairman.*] Are not local governments equally bound to obey the orders of the Secretary of State in Council?—Quite so.

6082. Mr. *Candlish.*] Under a statutory obligation?—That is so.

6083. Mr. *Hermon*] What do you estimate the total amount of the Imperial taxation of India?—The total amount of the revenues of the Government of India can be readily stated. It may be stated roundly at 51,000,000 *l.*, on the basis of the accounts for the year 1870-71.

6084 But prior to that statement being furnished to Parliament of 51,000,000 *l.*, there are some deductions made in India, I think, before that account is sent; I believe the taxation of India is more than 51,413,000 *l.*, which is the figure on page 6 of the Accounts before us; is not that the case?—I do not consider that to be the case.

6085. If that is not the case, how do you say that this sum is exclusive of the sums applied to the reduction of the debt?—This is not so. No sum applied to the reduction of the debt can be obtained in any other way than out of the gross revenue of the Government of India.

6086. Then, according to this account, I am either very stupid, or I do not read this account properly, because it says here that the gross taxation is put down at 51,413,000 *l.*; I conclude that that income is all from taxation?—No, that is the gross receipt.

6087. *Chairman.*] We will go on now to the interest on the debt; will you be good enough to give an explanation of the item of interest on the Indian debt paid in India, 3,490,621 *l.*, and state what was the amount of that in 1856-57?—It will be convenient, perhaps, that I should break this up a little first. In the Account at page 59, the amount, 3,490,621 *l.*, is divided. The first item is described as "interest on loans," 3,048,585 *l.* That again requires a certain slight subdivision. Out of that, the amount of charge which is on the regular public marketable loans of the Government is 2,960,130 *l.*, and it will, perhaps, be convenient if we follow the inquiry on this re-cast of the account which I have in my hand.

6088. How is that sum of 2,960,130 *l.* arrived at?—That 2,960,130 *l.*, described in the accounts kept in India as interest on funded and unfunded debt, is the interest on the ordinary public marketable loans of the Government.

6089. Can you state what those are at the different rates of interest?—The amount of these loans, on the 31st of October last, was as follows: There were 10,665,600 *l.* at 5½ per cent., the annual charge for interest on which was 586,608 *l.*; there were 17,691,100 *l.*, at 5 per cent., the interest for which was 844,555 *l.*; there were 2,122,530 *l.*, at 4½ per cent., the interest charged being 95,514 *l.*; there were 35,702,548 *l.*, at 4 per cent., the interest on which amounts to 1,428,102 *l.*; and there were 67,900 *l.*, at 3½ per cent., the interest charge being 2,376 *l.*; the total being 66,249,678 *l.*, and the total annual interest being 2,997,155 *l.*

6090. Is that the actual interest that accrues due?—That is the actual interest accruing at the rates mentioned on the capital sums that I have mentioned.

6091. Would the payments for the year be that exact sum?—The payments for the year will be the amount actually paid to the public creditor.

6092. Do they include any arrears of interest that they have not called for in former years?—It will include arrears, and of course will leave out current interest unclaimed.

6093. Do those deductions and additions bring the total interest down to the sum that you have mentioned, 2,900,000 *l*?—The actual interest paid in India on the loans that I have mentioned was 2,899,687 *l.*; it also includes a certain amount of interest paid on three loans which were not current.

6094. Arrears of interest?—Partly arrears, not entirely; there is an item of 76 *l.* against a 5 per cent. loan of the year 1841-42; that was discharged many years ago, and is a small arrear.

6095 I think you need not go into these arrears, but give us the result?—Adding these arrears, the total charge is 2,960,130 *l*, but if the comparison is wished with the annual amount of interest which I mentioned, there should be left out this arrear interest, and there should be added the sum which will be noticed at page 59 of the Blue Book of the "Dividends on India, 4 per cent. Transfer Loan," paid in India, 59,686 *l.*, making the sum to compare with the total estimated charge for interest, 956,373 *l.*

6096. What was the amount of debt and the amount paid for interest on it in 1856-57?—In 1856-57 the total amount of the debt in India to compare with the figures that I have given was almost exactly 45,000,000 *l.*

6097. Can you state the rates of interest that that debt bore at that time?—Yes, I can do so; there was, at 5 per cent., 5,120,000 *l*; at 4½ per cent., 371,490 *l.*; at 4 per cent., 39,392,841 *l.*; and at 3½ per cent., 123,000 *l.*

6098. Then, in point of fact, the result is, that the credit of India has rather deteriorated from that time to this, as measured by the rate of interest, seeing that nearly the whole debt then was at 4 per cent., whereas now we have 10 millions at 5½ per cent., and 17 millions at 5 per cent.?—If the credit were measured by the marketable price of the Government loans at that time and at the present time, that, I think, would not appear; in 1856-57 the bulk of the debt was at 4½ per cent, having been reduced three years previously from 5; in 1852-53 there were nearly 29,000,000 *l.* at 5 per cent., and 16,000,000 *l.* at 4; in the years 1853 and 1854 very nearly the whole of that 5 per cent debt was paid off or reduced to 4 per cent.; then the

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position at the present time is dependent upon the transactions of the years 1857–58–59.

6099. What is the position of the Government with regard to the 5½ per cent. debt; when can it have an opportunity of reducing the interest?—In 1879; that loan was contracted in the year 1859, and guaranteed for 20 years; it is payable on three months' notice, but not so that the date of discharge can fall before the 1st of May 1879.

6100. What is the position of the Government with regard to the 17,000,000 *l.* at 5 per cent.?—That was in existence on the 31st of October; it was payable on three months' notice; this notice was given on the 16th of December last, and it has been discharged; holders to the extent of 13½ millions were allowed to transfer to a new loan which should bear interest at 4½ per cent. for seven years, and thereafter at 4 per cent.; that explanation applies to the sum of 16,211,000 *l.*; in addition there is a certain amount in debentures, of which 378,900 *l.* were current at the time I mention, and fell due on the 1st of the current month, the 1st of June 1872; 495,600 *l.* will fall payable on the 1st of June 1877, and 605,300 *l.* will fall to be paid on the 1st of June 1882.

6101. What interest do those debentures bear?—Five per cent.

6102. Mr. *Candlish.*] From what source are they paid; borrowing at 4 per cent., the debt is not reduced?—It must depend upon the position of the Government. At the present time the Government is not borrowing money; this sum of 378,000 *l.* falling due on the 1st of the current month is paid out of the surplus revenue of the past year, and the surplus revenue is the only source from which, as I can see, the debt can be paid.

6103. Do you know what the average rate of interest on the whole debt of India is?—A fraction over 4 per cent., I should think.

6104. Mr. *Fawcett.*] Have they been borrowing on the public works?—Not in the current year.

6105. Government are not borrowing during the present year, because they simply left some unexpended loans; but they have already undertaken, or promised to undertake, public works, which will render it necessary for them to continue this career of borrowing, which has been going on for years; is not that so?—That is the case.

6106. Therefore this cessation for the year is simply accidental; the borrowing must go on?—It will go on.

6107. Mr. *J. B. Smith.*] They could borrow at 4 per cent. now?—No doubt of it.

6108 Mr. *Fawcett*.] But can they raise a 4 per cent. loan at par?—It is only a matter of opinion; I have no doubt they could.

6109. Mr. *Candlish.*] How is it that they have borrowed 17,000,000 *l.* at 5 per cent. if they have the present power of borrowing at 4 per cent.?—This arrangement was made eight or nine months ago, not at the present moment.

6110. Mr. *Fawcett.*] Have you any loan on which the rate of interest is permanent, which cannot be paid off?—Only some small loans, both in Bengal and in Madras; they are principally for charitable purposes. There is a small loan at Madras, which is permanent; the rate is 8 per cent. The conditions as to permanency in regard to that are these: It was an arrangement made with Clive as the representative of the British power, and the person who tendered this money to the British representative at that time stipulated that interest at the rate of 8 per cent. should be paid first of all (it is not marketable), so long as the East India Company should trade with India; and if at any time they should cease to trade with India, that it should be paid thereafter so long as they held any territorial possession in India; and if at any time they ceased to hold territorial possessions in India, that it should be paid thereafter so long as the East India Company remained as a corporate body; and if at any time they ceased to exist as a corporate body, that it should be paid so long as the English remained in India.

6111. Mr. *Candlish.*] What is the amount of that?—The annual charge is 1,232 *l.*

6112. What is the amount of the loan?—£. 15,400.

6113. Mr. *Fawcett.*] At the time when you say this loan was raised at 4½ per cent., and you think now one could be raised at 4 per cent., money was being guaranteed to railway companies at 5 per cent., was it not?—No.

6114. Has there ever been a guarantee given to any company at less than 5 per cent.?—Yes, there has, but the current guarantees were made now many years ago; the principal ones are in 1850 and 1852, I think.

6115. But as regards existing companies, for instance, which have obtained a guarantee of 5 per cent., all their capital accounts are still open, and fresh capital which is paid to them bears a guarantee of 5 per cent., does it not?—Even these later accounts are still now some years old. Those under which the most recent payments have been made were arrangements made, I cannot state the date, but three or four years ago.

6116. But still the point I want to get at is this. You say that in your opinion money can be borrowed at 4 per cent. in England?—And in India.

6117. And yet the result of the system has been this (I am not saying now who is to blame for it), that new capital is constantly being raised for railways and various other public works which carries with it a guarantee of 5 per cent. As far as I understand the capital account of no railway is closed?—No, it is not, but it has been said, I think, that in some instances the account is practically closed.

6118. We know what "practically" means, but no railway companies capital account is absolutely closed?—No.

6119. Then money which is paid into this capital account bears an interest of 5 per cent. according to the old arrangement, does it not?—I think that is rather a different matter.

6120. I want to know that as a fact?—The raising of the capital and the application or expenditure of the capital are operations which are not contemporaneous.

6121. *Chairman.*] The paying up of the capital is not contemporaneous with the agreement under which it is paid up?—No.

6122. Mr. *Fawcett.*] But as a matter of fact, so far as its bearing on the finances of India is concerned, constantly new capital is being raised for works already sanctioned, which capital bears a rate of interest of 5 per cent., does it not?—No; I think it is not correct to say that new capital bearing that rate is being raised; certain amounts have recently been paid up under older arrangements.

6123. I am not saying anything about the arrangements,

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arrangements, but as a matter of fact capital is being paid up at the present time for the companies which bears an interest of 5 per cent., and you think on the same security money could be borrowed at 4 per cent.?—Money was paid up during the past year, certainly.

6124. And it will carry interest at 5 per cent.?—Yes, I believe that is the case.

6125. And money may be similarly paid up this year, and for the next 20 years?—That I cannot speak to.

6126. *Chairman.*] Will it not depend upon existing contracts?—Yes, it will.

6127. Mr. *Fawcett.*] But the existing contracts are so lavish to India that money is constantly being paid up: there is no year, is there, in which it has not been paid up?—I am not aware.

6128. Mr. *J. B. Smith.*] Has there not been some money raised at 4½ per cent. on railway bonds?—I cannot speak to that; it is very probable.

6129. *Chairman.*] What was the total interest of the debt in 1856–57, or rather the computed interest at the rates mentioned?—£. 1,952,030.

6130. There is another item which appears in these accounts; how is the balance made up, the difference between the item you have stated and the charge of 3,490,000 *l.* for the public debt?—There is a certain amount of what really forms part of the public debt of India, which is not in that public marketable form which we have spoken of separately.

6131. Not part of the ordinary bonds of the Governor General of India?—No, but it consists partly of large funds in the hands of the Government from the funds for the retiring allowances and other service funds on which interest is allowed. The total amount is 530,491 *l.*

6132. And these are all special arrangements?—These are all special arrangements, interest being allowed by the Government at different rates. It includes the savings bank balances, and it includes some private loans from individuals, mainly for charitable purposes.

6133. You mean the interest of which is applied to charitable purposes?—Yes, money deposited with the Government in consideration of the interest being applied to charitable purposes. It includes also interest allowed on the current traffic earnings of the railways which are lodged in the Government Treasury. That describes generally I think the character of these amounts.

6134. You were to give I think an explanation of what is called the Treasury Account. Can you give that now?—I can do so. There is a general abstract of it at pages 64 and 65. This consists of all the cash transactions of the Government, besides the revenue and expenditure. It is rather a large matter; the whole is a matter of account. I can explain any portion of it that the Committee wish.

6135. To make it a little more clear, this account begins with an aggregate of cash balance in the Indian Treasury on the 31st of March, 13,940,000 *l.* Is that to be understood as representing all the money in cash and notes in the Treasury and in the banks to the credit of the Government?—That is so, actual cash.

6136. Then will you explain what are the transactions that passed through the Treasury in the course of the year?—There is, first, the amount actually raised on loan by the creation of public debt. There are also all the receipts of these service funds to which we alluded just now.

6137. Are those receipts treated as if they were cash in the Treasury, or in what manner are they treated?—They are actually cash receipts, or what is precisely equivalent to an actual receipt of cash, an amount deducted from the salary of Government officers at the time of issue.

6138. From the way in which the account is made out the debt incurred is represented by a charge of 21,827,000 *l.*; you do not mean in the course of the year 21,000,000 *l.* of debt was incurred, do you?—This is, in a very great degree, a mere matter of account. A very considerable sum will be observed on both sides of the account under the head of "Advances Recoverable." Those are real advances of public money no doubt for a temporary purpose, recovered in account in the course of the year; it is a mere matter of account.

6139. What is wanted to be made clear is this, that on one side of the account is the debt incurred, 21,827,000 *l.*, and on the other the debt charged is 22,065,000 *l.*?—That is so.

6140. Do you mean by that, that there actually came into the Treasury in that year 21,000,000 *l.* odd raised by incurring debt, and that on the other side 22,000,000 *l.* of debt was actually paid off?—That is the general effect.

6141. I mean is it the fact?—No doubt.

6142. Are you sure about it?—Quite so; there is no doubt about the fact. The principal items in which the difference occurs will be found to be that of the deposits in which there is a sum shown as receipt of 6,651,000 *l.*, and an apparent equal amount on the other side of the account. Then these sums have been swollen by the loan transactions of the year. A discharge of one loan and the creation of another, which is so far merely nominal in the general effect, it has only been the acceptance of the public creditor of a lower rate of interest.

6143. It represents rather the debtor and creditor account than an actual cash transaction?—That is so in a very great degree; a great part of it may be said shortly to be a matter of account.

6144. The next head appears to be the "Supplies from London"; what does that represent?—That is the general account between the Government in India and the Government of India in London. Of the main transactions the largest will be found in the lower part of the account, "Supplies to London," but it must be taken as a whole. The amount paid on account of bills drawn by the Secretary of State for India is 7,700,000 *l.* Then the transactions with the railway companies affect this account largely. On the one side of the account will be observed "Supplies from London; 'Traffic Receipts on Account of Indian Railway," rather more than a million and a half; and those are, in fact, the principal items. Under "Miscellaneous, including Credits to Her Majesty's Government," are included amounts received in India on account of the English post office.

6145. On the other side of the account there appears to be the amount of "Supplies to London"?—Yes. First, the payment of the bills; then specie remittances to England; payments made in India on account of the British Government; those will be partly advanced to the paymasters of ships of the Royal Navy on the Indian stations.

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stations. And then there is a large payment on account of the capital expenditure of the guaranteed railways, which is described in the Accounts, "Payments on account of Indian Railways under deeds of contract with the respective Railway Companies;" capital, for the most part, raised in England, and paid from the Government Treasury in India.

6146. Then come the "Accounts Current between the Presidencies"?—That is a mere matter of account between the several Presidencies. The detail of that account is extremely extensive. There are remittances of specie constantly passing from one to the other, and transfers by the sale of drafts from one treasury on another, according to the exigencies of the time.

6147. What is this item that appears on both sides of the account, "Excess of Income over Expenditure," "Excess of Expenditure over Income"?—That is merely brought in to balance the entire account; it is done provincially, it will be observed, which makes the figures not very easy to understand, but it will be understood on referring to the previous account at page 63; the details are there.

6148. And is the result of the operation that at the end of the year the balance of the Treasury is 16,818,000 *l.*?—That is so.

6149. That would show an apparent increase in the cash balances of about 3,000,000 *l.*?—Yes.

6150. But in that year there was no actual increase of resources on the part of the Government, was there?—Yes, there was.

6151. Is that represented by an equivalent of debt somewhere in the account?—There is a considerable surplus on the revenue account of the year.

6152. On the whole account?—I think so; the excess of income over expenditure at page 9, is stated at 315,000 *l.*

6153. This is nearly 3,000,000 *l.*, however?—That is so; a considerable amount has to be accounted for in the loan operations of the year.

6154. That would result from money coming into the Treasury for which the Government was responsible to somebody or other?—That is so.

6155. Can you show by the accounts in any way how that is made up?—To the extent of nearly one million and a quarter it is due to money borrowed in India for expenditure on Extraordinary Public Works to be executed from loan; then at the same time there was a certain amount borrowed in England, namely, 2,000,000 *l.*

6156. That, subject to any fluctuation of the balances of the Treasury in England, would represent the increase of the balance in India?—It does generally; there are so many transactions that if one were to assign it precisely, the explanation would be very long; but these account for it.

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6157. *Chairman.*] WILL you be good enough to state what offices you have held in India in connection with the Public Works Department?—I left India at the commencement of last year, and for many years before that, since 1856, I have been at intervals connected with the secretariat of the Government of India in various capacities. I have been at home part of the time, and then I have gone back again; still I have kept up my connection, so to speak, with the administration of the department: I know pretty well what has been going on since 1856.

6158. Will you be good enough then to explain to the Committee what has been the organisation of the Public Works Department in India to watch over the expenditure of that branch of the service?—Before 1854 there was no special department of the Government of India in charge of the Public Works administration and expenditure. In 1854 Lord Dalhousie found that the business was becoming so important, chiefly from the commencement of railways, and partly also from the extension of irrigation works, that he determined to separate the Public Works business from that of the other departments with which before that it had been mixed up; and in 1854 the Public Works Secretariat Department of the Government of India was formed. From that time it has been gradually in a state of growth and development; and the position in which matters are now placed I can shortly explain. The executive administration, as a whole, is under the several local governments and administrations, the Government of India exercising a general control both of policy and of finance over the local administrations. There are certain exceptional items of the Public Works administration which are dealt with in a peculiar way, to which I may at once refer: the first is the railway business. The business of the guaranteed railways is very much more completely under the control of the Governments of Bombay and Madras than any other branch of the Public Works administration. Of the other governments, those under the Lieutenant Governors of Bengal, and the Punjab, and the Chief Commissioner of Oudh, until last year, had a certain control over the railway administration; but at the commencement of last year this was taken away from them, and the whole of the railway business, excluding Bombay and Madras, is now directly controlled by the Government of India, that is the Governor General in Council. I may here observe that when I talk of the Government of India, I use the expression as it is commonly used in India, as meaning the Governor General in Council; when I refer to the Secretary of State, my habit is to talk of the Secretary of State as different from the Government of India. In England it is rather the custom to talk of the Government of India as including the whole system of administration, including the Secretary of State and all the governing authorities in India; if I do not make that explanation I may be liable to be misunderstood occasionally. Besides the railways, the military works are also exceptionally dealt with. At the commencement of last year Lord Mayo had satisfied himself that it was desirable to take the control of the military buildings and military works in Upper India more directly under the control of the Government of India than had hitherto been the case; and now the management of those works is also carried on directly under the Government of of India. That change has been made since I left India Then the telegraphic administration, although it is managed in the Department of Public Works and through the agency of the Public Works secretary, is in reality a totally distinct department from the Public Works service, which has nothing to do with the Public Works Department proper, and is carried on under a special system of its own. A similar arrangement existed also until the commencement of last year, as regards the administration of the forests. The forest administration was totally distinct from the public works; but it again was administered through the Public Works Department, and under the general supervision of the Public Works secretary.

6159. Is that so now?—No; at the commencement of last year, after the formation of the new Agricultural Department, the forests administration was attached to that, and it is now under the Agricultural Department.

6160. Do you know whether any change has been made consequent upon the new arrangement for local administration, in the Public Works Department?—No organic change, so to speak, has taken place; there has been some small re-distribution of the establishments, and the system of supervision internally under the various local Governments, but nothing of organic importance.

6161. Each local Government, I presume, has a Public Works Department, coinciding in character with the Public Works Department of the Government of India?—Quite so.

6162. Therefore they are now allowed to carry on the business with less control in some branches of the administration?—Yes, those branches of Public Works, the funds for carrying out which were transferred to the local governments under recent arrangements. Those works now are entirely left to the discretion of the local Governments without any interference on the part of the Government of India, excepting that general control which the Governor General in Council has the right to exercise over everything done by public authorities in India.

6163. They are carried on, then, through the Public Works Department?—Yes.

6164. What is the organisation and staff of the Public Works Department as superintending the expenditure?—The general form of the local administration is this: There is an officer who is called the Public Works Secretary and Chief Engineer, who is the principal administrative officer under each administration. Under him there are other officers who are called Superintending Engineers, who are the local chief directors of works, who have no direct money responsibility themselves, and no direct charge of works themselves, but who supervise the engineers actually employed in the construction of works and in the disbursement of money, that class of officers being called executive engineers. These are the officers who are directly responsible for the execution of works; and they are classed in various grades. Under the executive engineers there are assistant engineers, who are the young engineers being trained and coming up into the executive line, and then below them there are various grades of subordinates.

6165. Are military officers employed in the department?—There are a considerable number of military engineers as well as civil. The great body of military engineers in the Public Works Department are officers of the Royal Engineers. The number of Royal Engineer officers in India who are employed on military duties is extremely small. As far as my recollection goes, there are probably not above 20 altogether, out of about 270 officers.

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6166. When you speak of military duties, do you regard all the public works for the use of the army as coming under military duties?—No; I mean officers who are under the commander in chief of the army who are employed actually with troops. These officers in reality are employed with the corps of sappers in the various presidencies.

6167. How are the military officers interwoven with the civil in this administration; do they get the same relative pay?—There have been various changes and various alterations of system going on of late years, the tendency of which has been to assimilate the pay of the civil and the military officers, and also to assimilate their duties. The present arrangement is one which I think was completed about three years ago, which gave the military and the civil in general terms the same pay; some of the military officers receiving a small addition of what is technically called in India their net pay, which gives them a little advantage. I should say that this virtually refers exclusively to the Royal Engineer officers, as the staff corps officers do not receive this addition; they are placed on exactly the same footing as the Civil Engineers in respect to salary.

6168 Those are officers who are not engineer officers?—Not Royal Engineer officers. Also there are a very few who are officers of the Royal Artillery; those have been nearly eliminated now; and under the new system no officer except a Royal Engineer officer, or a Staff Corps officer, can be permanently employed in the Public Works Department.

6169. The military engineers thus employed are considered as being in civil employ altogether?—Quite so; they are subject, as all soldiers are, in certain things, to the Articles of War, but they are entirely under the civil Government, and not at all under the commander in chief As regards the additional pay that the Royal Engineer officers get, as compared with the civilians, I may perhaps be allowed to explain that that addition was made for reasons which prevailed with the Government, but which were altogether in opposition to my own views; that from the commencement when these questions of salaries were discussed, I have always been an advocate for the absolute equalisation of salaries. Where the duties are the same, I consider that the salaries ought to be the same; whether a man wears a red coat or a black coat is absolutely no reason for giving him a different amount of salary.

6170. Are there any sappers and miners employed under the public works as such, or are they considered as civilians if they are employed?—If sapper or engineer soldiers are employed in the Public Works Department they are employed as civilians. Occasionally, but rarely, a company of sappers will be employed on some special work, as for instance, has lately happened, in making roads to some of the hill stations in Northern India. A company of sappers has been placed at the disposal of the local Government, under which the work is being executed, for the purpose of carrying out the road, or assisting in carrying out. The same thing has occurred in various parts of India, and on other works, the Godavery works, for instance, where sappers were employed.

6171. Are they employed under their military officers?

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officers?—Yes, immediately under their own officers, but under the direction of the Public Works Department.

6172. With regard to the employment of natives in the Public Works Department, have they been employed in the superior grades?—I have got the last lists in order to give you the actual facts, and not mere statements, as to what is intended, and I have just gone through the whole of them, and I find that in the grades above executive engineers there are no natives at all; that is to say, as chief engineers or as superintending engineers no natives were employed.

6173. Mr. *Fawcett.*] How many of those are employed, of Europeans?—Under the Government of India there are 41 of these superior officers. The administration under the Government of India includes public works in Bengal, the North West Provinces, the Punjab, Oude, the Central Provinces, Burmah, Central India, Rajpootana, Mysore, Coorg, Hyderabad, Berar, and Port Blair. Employed in those Provinces there are in the superior grades 41, that is to say, the chief engineers and superintending engineers. There are 216 executive engineers in those Provinces.

6174. *Chairman.*] Of those how many are natives?—Of those five are natives, and the greater part of those five are in the lowest grade. Then there are 291 assistant engineers, out of which 31 are natives. In the next grade, the upper subordinates, there are 653 altogether, of whom 209 are natives. It would not be giving you a fair idea of the distribution of these unless I further said that among the natives both in the class of assistants and in the class of upper subordinates, a great many more natives are employed in Bengal than in any other Province. In Madras there are no native superior officers, no native executive engineers out of a total of 49, one assistant out of 36, and 106 upper subordinates out of 235. Under Bombay the numbers of natives are one executive in 48, seven assistants in 49, 131 subordinates in 218, and no superior officers.

6175. Can you explain why the number of natives employed is so small?—In general terms it may be said to be that they cannot qualify for the duties that are required of the various grades of the department.

6176. In what respect are their qualifications deficient; is it in scientific education, or in what particular?—It is necessary to qualify by preliminary examination before any person can be appointed in the department. The Government has made provision for the instruction of natives in all parts of India, in Calcutta, in the North West Provinces, in the Bombay Presidency, and at Madras, with the distinct intention of giving them a career in the Public Works Department. That intention was formed many years ago, and has been acted upon for a long series of years; but as you see from these figures the results have not been eminently satisfactory in the way of introducing any considerable number of natives into the Public Works Department, and particularly into the higher grades. The preliminary examination is not a very severe one, and at Calcutta, in the Civil Engineer College there, the number of young men who pass is considerable, and the best of those are selected every year, and they receive the appointments; and it is chiefly (confining myself again to the Provinces under the Government of India) from the college in Calcutta that the native assistant engineers come. The Roorkee College, I think has not produced altogether more than two or three natives, who have qualified there as assistant engineers, though very many subordinates are yearly educated there and sent into the public service.

6177. Are these natives on precisely the same footing as the Europeans in the corps?—Precisely.

6178. Are they paid the same salaries?—They are paid the same. All that happens is that the Government reserves to itself the right of appointing young men when they join the Public Works Department, to any of the grades of assistant below the second. No assistant engineer is ever appointed to the first grade; or it is quite an exception if it is done; but they are appointed in the lower grades. There are three grades of assistant and one of apprentice. The first grade has 450 rupees a month; the second, 350; the third, 250; and an apprentice receives 100. An apprentice means a young man who comes simply from one of the engineer colleges, without any real knowledge of engineering at all, and who is put into the department in order to learn, and to see whether he will ever qualify and become a useful engineer. The third of the upper grades, the 250 rupee gentlemen, have been the young men who have come out from England, civil engineers.

6179. Having had some experience in training as engineers?—Having had a little; they were expected to do a few months' work, and to do a little surveying, or something of that sort before they left England. If found qualified to superintend work they are at once advanced into the next superior grade on 350 rupees a month.

6180. Still do the natives of each grade receive the same salaries as Europeans of the same rank?—Quite so. If a native is put into any one of these grades there is no difference made. In the second grade of executive engineers there is one native, and he receives 800 rupees a month, exactly as I should; there is no difference in that respect at all.

6181. What do you consider to be the relative value of the pay of natives and Europeans in Bengal?—It is very difficult to say that, but I should say that the probability is that 100 rupees to a native goes fully twice as far as it does to a European; 100 rupees to a Bengalee would put him in a better position than 200 rupees to a European, from the entire difference of his habits.

6182. Then we are not to anticipate any advantage or economy from the employment of natives in the Public Works Department on the present footing?—Not in the upper grades, certainly.

6183. Then, if you descend to the lower grades, are the Europeans and natives paid on the same footing?—Yes, there is no difference at all. The whole system is one of equal salary (with the small exception that I have made) for similar duties. You must understand, however, that there are certain duties which naturally and necessarily fall to the share of natives, and which Europeans do not participate in; those duties, for instance, that involve anything in the shape of hard work out in the sun; a European cannot perform duties of that sort, and does not, and the Europeans are reserved for duties of supervision.

6184. And are the natives for those duties of hard work in the sun paid on the same scale as Europeans would be?—Well, as I said, there is no equivalent; you do not get Europeans to do that work, and, therefore, there is no standard to go by. But when you come to actual manual labour, naturally the standard of your salary would be the quantity of work done. If I want a man to saw, or to forge iron, or anything of that sort, what I look to in settling his salary is what he will do; and with regard to the natives who are employed in that way, if Europeans were employed alongside of them, they certainly would, if they did the same quantity of work, and as well, get the same pay; and, as far as I can see, there is no reason why they should not.

6185. Are there any other classes of persons employed in the Public Works Department?—The other section of the regular organised establishment are the accountants. I should explain that the Public Works Department has a separate organisation for keeping and controlling its own accounts, which are intricate and complicated, under a special accountant general, and that we have a regular organisation of accountants, something on an analogous footing to the Executive Department, as we call it, the Engineer branch. The superior officers of the Accounts branch are arranged something on the same footing as the superior officers of the engineering branch, and, as far as we can, we arrange the salaries something on the same scale. Also, as we found that it is extremely desirable that the officers who control the expenditure and manage the accounts of the department, shall have a personal knowledge of work, so that they really shall know what the figures mean that they have to deal with, we from time to time shift officers from the executive branch of the department, who have actually been employed on work, and put them into the account branch, and *vice versâ*. The account branch of the Public Works Department, as in every other, I believe, is much less liked as a rule, and it is not very easy to get gentlemen brought up to be engineers to set themselves down to look after the accounts of the department; but still, within certain limits, we are able to find those who will do it, and the result on the whole is satisfactory.

6186. Is there a staff of accountant clerks under them?—Yes, there is a staff of clerks also.

6187. Are they paid as clerks, or as officers of the public works, as engineers?—No, the clerk establishment is altogether distinct; those are all upon small pay.

6188. Are the clerks altogether employed by the engineers in keeping their records and papers a separate class?—I should explain that there is one accountant from the regular establishment of accountants given to every executive officer; and every executive engineer who has public accounts to keep, has a regular accountant given him to assist him in preparing his accounts; further, all of these people are put through an examination, and no man is admitted into the account branch of the department, in any grade, either among the officers or in the lower grades, or is promoted from the lower to the higher grades, without having passed an examination, and the examinations in the higher branches of the Account Department are pretty severe.

6189. However, they are paid on the scale of clerks, not of engineers?—The lower grades of accountants are, as far as my recollection goes, about 100 rupees a month is the salary for the lowest grade of accountant.

6190. Can you state how many natives, and how many Europeans, are employed in the clerical department?—I have not counted those; but in the lower grades of the accountants, whose duties are to considerable extent only compiling and copying figures, or so to speak, the accountant clerks, the great bulk are natives.

6191. Mr *Eastwick*.] What do you call these accountants?—We call them accountants; the generic name of a person of that description in the familiar language of Upper India is baboo. In other parts of the country other designations are employed.

6192. *Chairman*.] How is the business carried on by this establishment; what is the mode in which the works are initiated?—As a rule the Public Works Department is the department which meets the material wants of the various departments of the Government in respect of buildings and matters of that sort; one great part of its business is the provision of buildings for the civil and military administration; another part of its business will be to carry out such works as roads, and to superintend the construction of railways, and so forth

6193. Mr. *Eastwick*.] When I asked you what you called these accountants, I meant were they in a separate class altogether?—The accountants belong to the Public Works account branch, but they are a separate class entirely from the clerks and writers; a writer is employed if he is reasonably intelligent, and can write pretty well, without our caring very much about his arithmetical qualities or knowing the rules of the account department.

6194. *Chairman*.] Will you proceed with your statement?—So far as the requirements of the departments of Government go, when any department considers that it wants anything, what happens may be explained as follows: for example, if a judge considers that he wants a court-house, or anything of that sort, he would write to the Government through his own superiors, and the Government would give orders to the Public Works Department to make an estimate for the building, or whatever it might be that was required. In the same way, if representations were made that roads were required in any part of the country, an examination would be ordered by the Government, and the Public Works Department would organise the necessary arrangements for instituting a survey, or whatever it might be; but as a rule you may say that the whole of the operations of the department originate from above; that instructions are given from above, and very little is originated from below. There is a certain amount, of course, of discretion given to officers who are actually in charge of buildings to receive requisitions direct. If a judge, for instance, finds that the roof of his court-house leaks, he is justified in going to the executive engineer or his agent, and saying, "Stop the leak over my head," and so forth. But as a rule anything new the engineers are forbidden to take up without specific orders; there is a limit which is put upon their original jurisdiction, so to speak, and anything beyond that they are bound to refer, and also they are bound to refer

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anything which they themselves consider is objectionable or unnecessary.

6195. Do they receive all their instructions from the secretary, the head of the department, through the district officers?—Through the superintending engineer it is that the executive engineer would receive his instructions.

6196. And with regard to any of the works affecting the convenience of the country or its productive resources, the revenue officers have no authority to give any instructions whatever?—No; if they wished to raise any question as to the propriety of the construction of any works they would bring forward any proposal that they had to make through their own superiors, and then it would be considered by the Government, and if it was thought necessary orders would be issued to the Public Works Department to pay attention to those proposals.

6197. And in all cases are estimates made before any works are undertaken?—It is declared to be, and it has been ever since I can remember, the fundamental rule of the Public Works Department that no work, under any consideration, is to be undertaken without an estimate having been framed properly; and not only this, but also regularly sanctioned.

6198. So that in the case of a collector requiring anything to be done to promote the industry of a district, the representation would go through the Government of the province to the head officer of the Public Works Department, and then he would require, if he thought it expedient, a survey and estimate to be made?—Quite so.

6199. And then it would come back again to him?—There are a regular set of rules laid down, according to which certain authorities have the power to sanction the expenditure of certain sums for minor public works. There are various officers in various capacities in various branches of the administration who are authorised to give direct sanction to outlay. But of course as it is absolutely necessary to control the whole amount of public works outlay those sanctions must be limited within the sums that, at the commencement of the year, have been placed at the disposal of those officers for these minor objects; and therefore any officer who desires to carry out any small work within the limits of his own discretionary power, must see first of all that a proper estimate has been made, and then that he has the fund at his disposal for carrying the work out. A great deal of the irregular expenditure which has taken place, and has been animadverted on by the Government of India during the last few years, since more strict attention has been paid to the finances of India, has arisen from the want of attention to points of this sort, the want of attention to the necessity for funds being at the disposal of officers in various grades and positions before they order works to be undertaken. And that will apply from the very lowest of the authorities to the very highest.

6200. On what principle is it that the financial sanction is obtained to the expenditure; by what means is it done; are the estimates made in the Public Works Department submitted to the financial member of the Council, or in what way is the finance and expenditure regulated?—The general system under which the expenditure takes place is something of this sort. In the latter part of every year, October is about the time, the Public Works Department ascertains from the Financial Department approximately what sum of money the Financial Department is likely to be prepared to allow for expenditure on public works during the coming year.

6201. Do you mean on the whole public works?—On the whole public works of India. On that the Government of India allots, according to its knowledge of what is going on, and what is required in the various parts of India, certain sums to the various provinces, and tells the various local governments that they are authorised to frame a budget estimate for the coming year on such a basis, fixing for each the gross sum. The Government of India, however, reserves to itself the right of limiting the expenditure on any particular class of works. For instance, it has been the custom for some years past now to say to the several governments, out of such a total amount so much is to be appropriated to military works, and if you do not require all of that sum, then that which is not required will be saved. There is a specific general appropriation made by the Government of India, we will say a million, or a million and a quarter, which they consider is a reasonable and sufficient amount to appropriate for the whole of the expenditure on barracks and similar classes of work for the year; and that is distributed among the several provinces. If one province does not want it, and another province wants a little more, the grants would be re-adjusted; the one that would require less would get less. That would be as regards the military grant. In a similar manner a specific appropriation would, under certain circumstances, be made for irrigation works; the Government of India would say: we consider that not less than such and such a sum should be spent on irrigation works, and we assign that; and this is specifically appropriated to irrigation works, so that you are not to reduce the expenditure on irrigation works, and put it on buildings, for instance, without our assent specifically given.

6202. Have you had your attention directed to the change that has recently been made in remitting the authority over public works to the local governments?—Yes; the change was made to some extent as a consequence of suggestions made by myself. The present arrangement is that there is a certain gross sum which is assigned to each of the local governments for expenditure on certain specified objects, among which is included a certain part of the public works; that, so far as those objects are concerned, the Government of India waives its power of detailed interference. The arrangements that I was describing refer to that part of the expenditure which has not been brought into the provincial grant.

6203. You mean expenditure on public works that will still fall under the control of the Government of India?—Yes.

6204. To go back to the operations of each presidency, how is the provincial sanction obtained to the expenditure; after the estimate is made by each executive officer of the probable cost of the work, is it again submitted to the view of any financial officer?—No. With regard to the sanction of estimates within the gross amount which is provided under the authority of the Financial Department, the sanction of the detailed sums takes place entirely in the Public Works Department, without any interference at all

all or any orders, or even the cognizance of the Financial Department.

6205. When a credit is granted to the Public Works Department, we may understand that the Public Works Department has the power of appropriating that to the different works that it thinks most desirable?—Yes; with this reservation, that the discretion applies to expenditure directly on work proper, but not to expenditure on establishments.

6206 Salaries, that is to say?—Yes, what we call establishments in India. The creation of an office involving the payment of a permanent salary, "permanent" being defined to mean more than a year, requires the sanction of the Financial Department, and all increases of salary require the sanction of the Financial Department.

6207. The expenditure that would be under their own discretion would be for labour and materials?—Quite so.

6208. Not the supervision?—No, not the supervision.

6209. Will you state under what principle the Works Department proceeds in allocating the funds for the different classes of Public Works, such as the civil buildings, roads, and new works; is there any system observed?—The general idea that has animated the Government of India has been that it is not desirable to make sudden changes in the amount that is placed at the disposal of the Public Works Department to spend from year to year, as far as it is possible to avoid them. The necessary result of making a considerable change is that you require, as a sequence of it, a great change in the establishments; and as you cannot suddenly get rid of your establishments any more than you can suddenly create them; that leads to wasteful expenditure. If you have a number of engineers left suddenly without any work to do, because there is no money to pay for the work, of course that leads to waste. And, in a similar way, if an attempt is made to force work on too fast, there is a difficulty in providing the supervision, and, as a rule, the money is not spent, or not satisfactorily spent; and there are other difficulties of a similar nature that arise from considerable fluctuations in the amount of the expenditure from year to year. By the experience which the department has got it is found easy enough to say what is on an average of years practically a reasonable amount to keep things going in each province; and we do not find that the grants, taking them as a whole, vary very greatly from year to year.

6210. That would be for what are called Public Works Ordinary?—Yes. In what I have been saying I have been referring to what we call the ordinary expenditure, that is to say, expenditure which is provided from the revenues of the year.

6211. I will now call your attention to Paper, No 11, in the Appendix; a statement handed in by Mr. Seccombe, showing the expenditure on public works from 1867–68 to 1870–71. This Paper is thus analysed: first comes the expenditure on "Works tending to promote the Industry of the Country;" and then that is subdivided again, "Public Works Ordinary," "Construction of Roads, Bridges, Canals, Tanks, Embankments, &c." Then under that there is "Construction," "Repairs," and "Total"; as I understand, the "Construction" would be new works, and the "Repairs" would be the item that you say would regulate itself one year with another. Will you look at that Paper, and explain from it which you consider of the first necessity?—I do not like being responsible for other peoples' figures.

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6212. But we may take it that those are the figures that have come to you from India, may we not?—I can fancy, without knowing how the figures are got, or where they came from, that they are correct and intelligible enough.

6213. I want you to apply your general views to those figures, if you can, and going through this allocation of the credits to be granted to public works, say which column would be one of the first necessity that must be provided for first; perhaps you would take the last year, as that is the one we are more immediately on?—But what I understood you asked me to say was to show how these figures bore out, or did not bear out, what I say

6214. Perhaps you would explain, in appropriating the credits that are granted by the financial member of Council (if I may use that phrase), which would you consider in the Public Works Department as a first charge upon the credit, and one which must be first provided for; which of those items do you consider are absolute claims to be provided for before you have anything at your discretion?—Taking these figures as they stand here, the first three columns are headed "Public Works Ordinary," and that is subordinate to "Works tending to promote the Industry of the Country." The aggregate of those for the last four years has been 1,756,000 *l.*, 1,883,000 *l.*, 1,545,000 *l.*, and 1,317,000 *l.* Now, what I have intended to say is, that considering the circumstances of the case, and what has happened during these last four years, these amounts would represent a fair and an equable distribution of expenditure. In explanation of this I would ask you to remember, as I do, that after 1868–69 it was found necessary to make a very considerable reduction in the expenditure; and when we were told that whereas we had had, say, 3,000,000 *l.* last year, we could only get 2,000,000 *l.* this, somehow or another we had to reduce the outlay. But on the whole I say that we were able to judge approximately what was a reasonable allocation of funds from year to year to the various provinces.

6215. But to analyse those figures that you have just given us, they appear to have been made up of certain classifications?—The second column of that is "Repairs"; the figures there run 728,000 *l.*, 761,000 *l.*, 705,000 *l.*, and 697,000 *l.*; those are very close.

6216. Are those items that must be provided for, that practically you have no discretion about?—Virtually beyond ordinary control.

6217. Mr. *J. B. Smith.*] Would you not say that the repairs were a first charge upon the revenue, because they are indispensable?—Yes; with a given area of country, and in a given condition, the necessary repairs remain pretty much the same; they do not fluctuate very much; of course you may have some serious accident somewhere that involves an unusual expenditure.

6218. *Chairman.*] What is the next division?—Immediately before the "Repairs," comes the "Construction." Now the "Construction," of course, is very much more elastic; I mean that it is more arbitrary. The figures there are 1,028,000 *l.*

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1,028,000 *l.*, 1,121,000 *l.*; then comes a great drop, 840,000 *l.*, and then a still greater drop, 620,000 *l.*

6219. Then it would seem that in that case your discretion has been materially influenced by the amount of the credits?—Exactly; that is the signification of those figures. In 1869–70 we reduced as much as we thought we could, and for the reasons which I just gave you; we could not at once reduce as much as the Financial Department wanted, but in 1870–71 we took another slice off.

6220. Do you understand generally that in that classification what is meant by "Construction" is original works, on which you may exercise an opinion whether they shall be done or not?—Yes, it is what we technically call new works in our budget, and the others are repairs. Then the next column is "Public Works Extraordinary."

6221. What is the distinction between the new works you have just been referring to, and the public works extraordinary; all these, I think, are "Works tending to promote Industry"?—Under the first head of the Public Works Ordinary come "roads, bridges, canals, tanks, embankments" I am reading the words as they stand at the head of the column.

6222. So far as they exist the repairs of those are ordinary works?—The repairs; naturally there is no question about them. I understand perfectly what your aim is, to bring out the distinction between that portion of the outlay coming under the general character of "Public Works to Promote the Industry of the Country," which is carried out by money that is borrowed, and that portion which is carried out by money provided from the revenues of the year.

6223. Or rather the two classifications there of new works under ordinary works, and extraordinary works?—It is perfectly obvious on the face of it that any such distinction is necessarily quite arbitrary; that what the Government has to do in regulating expenditure is to say, "Obviously we cannot borrow for every work that is likely to be useful for India; that is quite out of the question; therefore we must limit our borrowing if we borrow for such objects, to a certain class of works."

6224. Can you inform the Committee whether any classification that we can understand has been arrived at?—I will endeavour to explain what has been done. We have laid down certain rules of a negative description, not of a positive one; we have laid down rules as to the works for which we will not give borrowed money.

6225. As to the works that you will consider extraordinary works, you mean?—Yes, the Public Works Department has laid down certain rules, according to which it refuses to make grants of extraordinary money for particular classes of works.

6226. Can you give us those rules generally?—I could get you the actual instructions, but I have not them here.

6227. Mr. *Fawcett.*] Would it not be very much better that we should examine you on your own figures, to which we could bind you, instead of examining you on figures which you say you do not accept?—I think if I went on to answer more fully the question which the Chairman has just put, I should clear it all up. I have perhaps been a little misconceived when I said that I could not be responsible for the figures in this return. I do not think that there is likely to be any question arising on these figures; if any question does arise it will be very easy to obtain precise figures, such as I shall assent to.

6228. *Chairman.*] Will you describe the rules generally about which I asked you just now?—I would first explain with regard to the determination that Government came to some years ago to carry out irrigation works with borrowed money (and the determination only applied to the carrying out of irrigation works and railways), it was specifically affirmed by the Secretary of State that the revenues of India should go so far as it was possible to the carrying out of those works, and that when it was shown that the revenues of the year were not sufficient, then he would not object to money being borrowed for assisting in the prosecution of works of that class. In fact when the Government of India made the original proposal to the Secretary of State to ask him to allow them to borrow money for these works, they felt that if they did not very closely limit the nature of their demand it would not be assented to; and it was only in that sort of way, by hedging the demand very closely round, that it was assented to at all. That being so, the Government of India laid it down as a rule that in order to give effect to this condition, which the Secretary of State had made, they would not spend less out of the ordinary revenues on these works of improvement than they had been in the habit of spending for some years past; that is to say, that they would not take advantage of the Secretary of State's authority to them to borrow money, in order to reduce the expenditure on irrigation works, from the revenues of the year, and thereby get a larger fund to spend upon other works. That was the original intention, and in consequence of it the Government of India laid it down as a principle that they would continue to assign from the ordinary revenues of India as much money as they had been in the habit of assigning for irrigation works.

6229. That is to say for the new works?—Yes, just so. And the consequence of this was that until the fund available from the revenues of the year was exhausted, there was no demand made for borrowing. But as time has gone on, more and more pressure has been put upon the Public Works Department by the Financial Department to reduce the demand on the revenues, and before I left India we had arrived at a stage of things in which the Financial Department has practically squeezed out of us the whole of that grant from the revenues, formerly applied to carrying out new irrigation projects, or very nearly the whole of it, and borrows the whole of the money now.

6230. So that in point of fact the new works which would have been called under the old system ordinary new works, are transferred to extraordinary new works?—Quite so. I do not say that this is entirely the case, but to a greater extent now in the year 1872–73, than it was when the arrangement was first begun in 1868–69, or 1867–68.

6231. It seems to give greater elasticity to the adjustment of accounts?—That is perfectly true. Then I should say that there are further restrictions in supplying borrowed money for irrigation works. The Public Works Department acting *bonâ fide*, and desiring to carry out the intentions

intentions of the Secretary of State so far as they were expressed on the occasion referred to, said, first, that no less sum should be spent from the revenues on such works than had habitually been spent. We further said that we will not allow money obtained by loan to be applied to irrigation works of such a character that you cannot make out a capital and revenue account for them; if the work is of such a description that you cannot show what the result is financially, we will not assist it from a loan, because we consider that it is essential for the proper control of operations of this sort that a specific account should be kept of every work that is made with borrowed money. Equally, we said, for the same reason, that as it is practically impossible to keep an infinite number of accounts of very small works, we refuse to make a grant for any very small work, and we fixed the limit of two lacs of rupees, 20,000 *l.* We said, we consider that it will be impracticable to maintain a separate account for any very small work; at the same time we said, in order not to make this rate press too hard, that a number of small new works may be grouped together, so as to constitute a system in any place, and be dealt with as a single work, and of such a group we shall expect a proper account to be kept.

6232. It was a condition that it should be treated as a substantial undertaking, quite apart from the general administration of the department?—Yes, and that we should be able to show, not only where the whole of the borrowed money had gone, but precisely the financial results as to whether the works were paying, or whether they were not.

6233. In that way we arrive at some distinction between ordinary new works and extraordinary new works?—Yes.

6234. Supposing ordinary or extraordinary new works are made, would the repairs of the extraordinary or ordinary new works go into that column of "Repairs" which we have been speaking of, or would they still keep their specific classification?—No; repairs are essentially a charge against the revenues of the year, and in no sense would appear in a capital account.

6235. But do you understand that the extraordinary expenditure is purely a capital account expenditure?—Quite so.

6236. And that when the works are complete the repairs of them would go into the column of "Repairs" represented there?—Yes, certainly.

6237. Mr. *Fawcett.*] But do the repairs come out of the revenues of India, or are they deducted from the revenues yielded by the public works?—They come from the revenues of India; there is no distinction made.

6238. Then, if that is the case, returns, wherein expenditure on public works is supposed to be shown, are altogether fallacious. It is like a man having house property, which has cost him 10,000 *l.*, he spends 500 *l.* a year in repairing those houses, and gets that from another source, and does not reckon it, and the rent is yielding him 800 *l.* a year, and, therefore, he thinks that he is getting a certain per-centage?—But if I understand your illustration correctly, he would if he receives rent of 800 *l.*, and only pays 500 *l.*

6239. My point is this; I spend 10,000 *l.* on building houses; the rent of those houses we will say is 800 *l.* a year; according to that I should get a return on my outlay of 8 per cent; but I have to spend a certain amount a year in repairs, suppose it is 300 *l.* a year, therefore my net returns are only 500 *l.* a year, and I ought only to estimate the interest that I get on my capital at 5 per cent., and not 8 per cent.?—Certainly.

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6240. But according to what I understand you to say, you take the money for the repairs out of the general revenues of India?—That is true, but it is a different point of view entirely.

6241. But surely it shows the fallacy of the whole of your accounts?—The account of each work is a different thing from the general account of the revenues and charges of the year, the Government of India has one purse, everything that it receives is called income, everything that it spends is called charge.

6242. But the point that is vitally important is this: you say that you have kept a separate account of the returns of all borrowed money which has been spent on public works, do you not?—Well, I have not gone so far as that, I have said that we have directed that it should be kept.

6243. If you have directed it and it has not been kept, you have not taken the trouble to see that your orders have been obeyed?—I do not assent to that; if you will say that my orders, or, rather of the Government of India, or that the orders which I have put my name to, have not been obeyed, that is another thing.

6244. If your instructions have been carried out the accounts would show what the revenue was which was yielded by this expenditure of borrowed money?—And within certain limits the accounts will give it you.

6245. If I ask you, for instance, with regard to the 20,000,000 *l.* which you have spent during the last few years on public works extraordinary, what interest does it return; in telling me that it returns 6, 7, or 8 per cent., do you mean gross or net return?—I mean net return, certainly.

6246. Do you deduct from it the amount that you have got from the general revenues of India for repairs?—Certainly.

6247. Is that done in the statement of accounts?—Yes.

6248. *Chairman.*] You do not enter the net income, you enter the gross receipts into the account?—All the public accounts are gross.

6249. If you wish to make up an account exhibiting the operations of the particular transaction, then that would be done by making the entries on both sides of the account?—Yes.

6250. Mr. *Fawcett.*] Will you show me any public account showing the net return of this expenditure on public works extraordinary?—The accounts of the whole of our irrigation works in Upper India have all been kept in that way for many years past.

6251. *Chairman.*] In the statement of accounts they are made up as debtor and creditor accounts?—Yes.

6252. And that is what you require to be done with reference to all works which you consider as extraordinary works of a reproductive character?—Yes.

6253. Mr *Eastwick.*] Do you consider that the returns from your reproductive works exceed the increasing cost for repairs; of course if you have spent for the last few years 20,000,000 *l.* on public

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public works, there will be an immense increase for repairs to those works?—Certainly.

6254. I want to ask whether the returns from these reproductive works keep ahead of the expenditure for repairs; do they increase in a greater proportion?—I could not answer that question off-hand, because I do not know exactly what expenditure you would include. I will however take the expenditure on an entirely new work not begun, a new canal,—the Agra Canal, say, now under construction—the water will be let into it next year, probably; that has been going on for three or four years. I do not think that it is reasonable to say that the income from the Ganges Canal, or the other canals in the neighbourhood, should increase to such an extent as immediately to pay the charge on the Agra Canal. But if you take the Ganges Canal, or any of the larger works which have been in progress some length of time, I think you will be satisfied with the result of the comparison between the income and the charge on those works.

6255. Mr. *Fawcett.*] With regard to the Ganges Canal, you have two canals there, have you not, which you include under the general name of the Ganges Canal, namely, the Ganges Canal and the Jumna Canal?—The Jumna Canal is quite distinct.

6256. You include it in the other in making up your accounts, do not you?—No. I could get you the revenue report of the irrigation department of the North Western Provinces which will show you in detail the results of all those works.

6257 Can you prove to me that in the accounts that are rendered of the Ganges Canal no canal is included, except the canal which was constructed by English money?—In the accounts of the Ganges Canal, certainly, no such confusion has been made. There was not a spade put into the ground till I went to the works, and I know their whole history completely.

6258. Mr. *J. B. Smith.*] In a reproductive public work you borrow the money; you say that you debit that reproductive work with the interest of the money until the work is completed, and you then credit it with the revenue derived from that work until the whole is completed; then you do not mix up the repairs of that reproductive work with the ordinary repairs of other works, do you?—I do not exactly understand the nature of the question.

6259. I will take the Ganges Canal; the Ganges Canal was not made out of a loan; it was made out of surplus revenue?—Well, surplus revenue that was borrowed; it was in those days when the surplus revenue was all borrowed; it was in the days of the open loans. I see no mystification, as I hear it called by a member of the Committee, in specially and openly borrowing money to carry out public works. What the Government now says is that they will not continue to do what might perhaps fairly be called the mystification of having an open loan, and supplementing in a way that nobody knew anything at all about, the revenues to any extent that was necessary, in order to carry out the demands of the year; and what they say now is, that if they want money they will openly and plainly borrow it, so that everybody shall know what they are about. That this maxim has been very completely acted upon I do not pretend to say; still that has been the intention of the Government.

6260. Mr. *Eastwick.*] You said that some years ago a part of the revenue was applied to make new works, but that gradually the Financial Department had squeezed all that out of you?—Not all; nearly all.

6261. If you go on paying repairs out of revenue, and continually making new works from borrowed money, of course the repairs of these new works will gradually increase to such an extent that you will not have any surplus revenue?—That remark, subject to certain limitations, is perfectly correct; but you see that the increased charge on account of the new works has not come into operation yet; I mean that this borrowing plan has been going on for such a short time that no result has been derived from it yet either in the one way or the other.

6262. *Chairman.*] That is to say, no works have been completed, and are in practical operation which have been constructed under the new system?—That is so.

6263. Mr. *Birley.*] We want to know whether the accounts are so kept in the case of reproductive works, or works understood to be undertaken as reproductive, that any intelligent person can ascertain whether they are reproductive actually, whether all the sums that are allotted to those works are duly brought to account, whether they are charged with interest during the time of construction, and whether the repairs are year by year charged against them, and the net revenue shown, so as to see whether that is a fair return?—If you ask me whether there are accounts such as you describe I am afraid I must say no.

6264. *Chairman.*] I think we had better get regularly through the matter; the question of rendering the accounts applies to the whole works; we are now only on a part of them; that involves the question of supervision and allocation to which we will get in time; but I think it is desirable that, with that paper in your hand, we should get before the Committee what the subjects are under your cognisance?—I should say, if I were allowed to give an opinion, that that would be the more convenient plan; and then to discuss these or any other special questions relating to irrigation works, which are extremely important, and on which I should be only too glad to give the Committee all the information that I have.

6265. What I wanted first was to get a general view of the administration; will you kindly go to the next part of that paper?—There are several columns for the "Works connected with Civil and Military Administration."

6266. Will you just state how many of those are a necessary expenditure which practically regulates itself, or subject to any economic supervision that you can bring to bear?—If we take the head of "Civil Buildings," the charges for repairs, are for the four years, 109,000 *l.*, 118,000 *l.*, 103,000 *l.*, and 101,000 *l.* That is very constant again.

6267. Practically, with regard to that, you have, I suppose, very little control except to keep it within economic limits?—Yes.

6268. What is the next head?—Then there are the charges for new buildings, 738,000 *l.*, 722,000 *l.*, 576,000 *l.*, and 413,000 *l.*

6269. Now, are those selected at the discretion of the Department of Works, or at the discretion

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of the Government in the administration of the civil government; is the discretion in selecting them the discretion, in fact, of the Department of Public Works, or is the discretion exercised by the departments that require the buildings?—Inasmuch as the demands are extremely large, and the sum of money which is available anywhere is, comparatively speaking, small, a selection has to be made and a selection is made. The first suggestions for the selection is made in the local officers of the Public Works Department; these are submitted to the Government, that is to say, to the Lieutenant Governor or the Governor and his Council, or whoever else is at the head of the local administration; and he, having considered what are the probable real necessities of the various civil departments, will say, let this or that be done. The Public Works Department will merely make a suggestion, so to speak.

6270. How has that selection ranged over the four years in that table?—£. 738,000., 722,000 *l.*, 576,000 *l.*, and 413,000 *l* are the figures. But here again we see in the last two years the great drop in the outlay, due to the great reduction of expenditure generally.

6271. The determination not to expend so much on the civil buildings, you mean?—Yes. As regards the civil buildings one may say in general terms that the sum of money that is spent is absolutely arbitrary, the demands are so great, and so much in excess of any possible grant. If you have more money to spend you spend it; if you have not you do not.

6272. They are buildings which it is considered can stand over, you mean?—Yes; our common answer in those cases in which complaints are made as to inadequate grants for civil buildings, is, "If you have not it this year, you can exist without it till next year." Then come the military buildings; and there the repairs again are pretty constant, 232,000 *l.*, 249,000 *l*, 203,000 *l.*, and 201,000 *l.* There appears, however, a decided reduction in expenditure, and that is what we have always expected, that the necessary charge for the maintenance of this class of buildings would be reduced as the new barracks were finished. We estimate that the annual charge will be about 200,000 *l.*, when we have got rid of the worst of the old buildings.

6273. You mean by the new ones coming in?—Yes.

6274. That is also a necessary expenditure which practically cannot be reduced?—Yes. Then the item of new construction is, 1,507,000 *l*, 1,876,000 *l.*, 1,245,000 *l.*, and 791,000 *l.*

6275. That seems to be very variable?—That has been variable on account of the fluctuating opinion as to what should be allowed.

6276. Does the Department of Public Works, in the first instance, select the buildings that are to be constructed, or does the military authority select them, or in what manner is the decision arrived at?—Well, it is a little of various sorts. The Government of India sanctions the buildings generally; a list goes to the Army authorities, and to the Military Department of the Government of India, and they settle the sets of buildings or barracks, or whatever they are, that should be taken in preference to the rest.

6277. Do the suggestions for the new buildings originate with the military, or do they originate with the Public Works Department?—

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Everything of that sort originates with the department that requires it; the Public Works Department is a constructing department, it has no desire to build a barrack unless told that the barrack is wanted. The Public Works Department receives instructions from the military authorities that there is such a force at such a place, so many regiments of infantry and cavalry, or so many batteries of artillery, and so forth, and these have to be housed; there are regular rules as to the extent of accommodation for all arms of the service, and for all their subsidiary wants; the executive engineer makes out his estimate, which is an extremely complicated thing; there are a vast number of various descriptions of buildings, and the military authorities make the selection among these buildings, saying, let us have so-and-so first; let us have the guard-room, for instance, in preference to the kitchen, and so on.

6278. Do you, the Public Works Department make a report upon the requisitions, with approximate estimates, before the selection is made?—Yes; the general way in which all the military requirements are dealt with is as follows: We will take a regiment of cavalry, for which we are to provide buildings. Here, the first inquiry may be, what accommodation is required for the horses? The way in which that has been met is that a committee of selected officers is appointed by the Commander in Chief; they say that a horse requires so much space, so much air, and so much space to stand in, and then consider in all its details what is the best form of stable. We may next require a shoeing shed, and places for the harness and saddles, and one thing and another; all these wants are taken up in detail, in a similar way, and duly considered; the final decision resting with the Military Department of the Government of India (equivalent to the War Office), by which all standard designs for military buildings have to approved. Thus we arrive at last at a regular set of drawings or designs for all military buildings; and all that the Public Works Department has to do when it is called upon to provide accommodation for any military force is to take the established rules on the subject and draw out a complete set of estimates for the various buildings.

6279. From that do the military select those that they think most expedient?—Yes. Of course you are always working on from something in existence to something that is supposed at all events to be better, and you say, this is what we want most at the present time, and we will begin with that.

6280. Supposing that the sum of these wants amounted to more than the total exhibited in the grant, how would the reduction be effected, or would they know the sum within which they would carry on the expenditure for the year?—The budget estimates come up in great detail. I have got some of them here showing in detail the estimated charge for each individual building that is proposed. If the Government of India thinks it necessary to make any reduction on the whole amount to be allowed to these works it strikes out any that may be selected for the purpose; it says that they are not sanctioned, and then there is an end of them for that year. The local Public Works Department receives at the commencement of each year a specific authority as

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as to the works that are to be carried out in the current year.

6281. And a revised list sometimes?—Occasionally; and occasionally an addition will be made; they will be told, instead of what you proposed, do something else.

6282. What is the next head of expenditure in the Public Works in the paper before you?—Then come "Establishments and other miscellaneous charges, tools, plant, stock, materials, &c.," the figures there are 1,069,000 *l.*, 1,268,000 *l.*, 1,117,000 *l.*, and 945,000 *l.*,

6283. Mr. *Fawcett.*] Then that paper does not show the charge incurred for the Public Works Department in England?—Yes, that comes last of all. After "Establishments" come certain minor charges, chiefly on account of railways: "Supervision, cost, and compensation for land for guaranteed railways and irrigation works, and for other public works." They have mixed several items up there, but the charge is chiefly for railways. The next is, "Loss by exchange on railway transactions." Then the last is, "Payments in England for stores, &c, for public works ordinary." The charge under Public Works Extraordinary, I presume, includes the charge for stores in England.

6284. *Chairman.*] Will you give us the figures of those items?—Taking the heading of "supervision, cost, and compensation for land for guaranteed railways and irrigation works, and for other public works," the figures are are 282,000 *l.*, 294,000 *l.*, 108,000 *l.*, and 137,000 *l.* The fluctuation there depends chiefly upon whether new lines of railway are going on or not. Then "loss by exchange on railway transaction," that introduces quite a different set of ideas; the sums are 101,000 *l.*, 20,000 *l.*, 205,000 *l.*, and 171,000 *l.* Then the next item is "payments in England for stores, &c., for public works ordinary," 80,900 *l*, 150,000 *l.*, 237,000 *l*, and 134,000 *l.*

6285. Mr. *Fawcett.*] You have not given that for the extraordinary?—They are included under head of extraordinary in the column that I formerly read, beginning with 602,000 *l.* in 1867-68.

6286. But taking that year in which you say there was only an expenditure of 600,000 *l.*, that was the year 1867-68; in that year there was a great deal more money borrowed in India than 600,000 *l.*; therefore a portion of the borrowed money has been spent for other purposes besides, has it not?—For the last three or four years there has been a considerable deficit, and the deficit has had to come from some source, and it has necessarily to come from borrowed money.

6287. But the point I want to get at is this, that of money that is nominally borrowed for public works extraordinary, as far as I can make out, the accounts never show what part is used to make up deficits; can you bring me papers to show that loans which are raised for public works extraordinary are every shilling of them spent in carrying out these reproductive works in the second class?—No.

6288. If such an account as that is not in existence, I submit to you, as a financier, that the accounts of India are absolutely untrustworthy?—I consider that such an account ought to exist, and for several years past I have been doing my best to get it.

6289. You admit what I say, that no true idea can be formed of the financial position of India, unless such an account as that is forthcoming?—Well, I think that is putting it rather strongly; for with the figures that are published from year to year, if you take some trouble over them, it is possible to arrive at a just conclusion as to the financial position of the Government of India.

6290. *Chairman.*] Will you kindly look at the account that is before you; does it not appear from that account what has been the sum yearly spent in what are called Extraordinary Public Works, and what has been the deficit of the whole amount for each year; and therefore you can compare the amount spent on Extraordinary Public Works with the general account, and you can compare that again with the amount borrowed in each year, and thus cannot you arrive at a fair solution of the question asked you?—What I said amounted to this, that it is possible to get the figures if you bestow a sufficient quantity of trouble on it. This paper has been prepared in the Financial Department by Mr. Seccombe, I understand, for the information of this Committee, and with the intention of supplementing the information which is put forward from year to year in the public accounts; and therefore I should say that what Mr. Fawcett has said is perfectly true, that the accounts as they are presented to the public do not give the information that should be given.

6291. But we have before us the information now?—Quite so.

6292. Mr. *Fawcett.*] But those are not accounts that would be accepted by any auditor of a company; that you, as a financier, would consider, the accounts of a railway company absolutely untrustworthy, and that no reliance whatever is to be placed in them, unless they could prove to you conclusively that money which they had raised, for instance, new capital which they had raised, had been devoted to purposes which properly ought to be discharged as capital; now, of course, I accept all the statements of that paper, but that paper does not show that in any one year all the money that has been raised for public works has been spent in them, does it?—No, I do not know that it does; the account has not been drawn out in that form. But there has been an account which, for the last two or three years, have been annexed to the Budget Statement of the Government of India, and I have a copy here headed thus: "Account of money raised on loan, in 1870-71, for reproductive works and extraordinary expenditure," and on one side is shown a list of all the loans raised, and on the other side is shown the application of the money. It is not, to my judgment, I allow, a complete account, or such as ought to be presented; and I may repeat, that I had been trying for the last two or three years that I was in India to get something settled, which should be more satisfactory and complete; and Lord Mayo was extremely anxious himself to come to some conclusion on the subject, so as to put before the public, in an unmistakably clear way, the sort of information that you have been referring to.

6293. What is the obstacle to that being done, and why is it not done; who are the opponents to it?—Well, I am afraid that the only answer is that the obstacles are the general sort of obstruction to everything in the shape of improvement, which necessarily involves change, that exists in the world.

6294. I mean, who are the persons who are responsible

responsible for that; you say that you have been pressing it, and that you have not been able to get it done; where has the resistance come from; because we as a Committee might make some recommendations on the point?—It was one of the very last things that, before I came away from India last year, I discussed most seriously with Lord Mayo, and specific proposals regarding it were made by me with his assent, which the Financial Department of the Government of India did not approve of.

6295. Then I understand you that you and Lord Mayo agreed as to the necessity of it, and that you found obstructions in the Financial Department?—I did not use the word obstructions. Difficulties were made; they did not approve of what we proposed.

6296. Mr. *B. Denison.*] You have been a superintending and executive engineer yourself for many years. Do you believe that it would be possible for an engineer officer to have two funds which he could entirely separate in such a way, as to give a separate account of the way in which the money was applied. As superintending engineer of a district, you have so many thousand pounds to be spent on what are called non-productive public works, and so many thousand pounds to be spent on reproductive works; could you as an officer superintending that district so arrange your accounts that you could pretend to give anything like an accurate return of both those?—Certainly, perfectly well in every respect; and the accounts are kept so now.

6297. They profess to be kept so?—They are kept so; there is a perfect distinction made. There is no separation of the funds that are supplied to these officers for expenditure; but if I have a bag which contains a thousand pounds, and I have a thousand different objects to spend it on, I can say at the end of my expenditure that there is so much spent on each of those thousand objects, and render a perfectly distinct and separate account of the whole of those.

6298. Mr. *Fawcett.*] But what I understand that you and the late Lord Mayo were anxious to obtain was this, that if in any one year there was a loan of three millions for Public Works Extraordinary, you should be able to show by giving a distinct account, that a million has been spent, say on a canal in the Punjab, half a million on a railway in another part, and a million on a canal in Madras, that you should be able to prove to the public that the whole of that money has been spent for the purposes for which it was raised, that would be your object?—Quite so.

6299. And that it is almost impossible to show at the present time?—Well, it is not shown distinctly.

Friday, 7*th June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Bourke.
Mr. Candlish.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Hermon.
Mr. Lyttelton.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR

Major General RICHARD STRACHEY, R.E., re-called; and further Examined.

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6300. *Chairman.*] I THINK you have not explained what is the precise organisation of the Government of India to superintend the system of works. What is the nature of the establishment; is there any particular Member of the Council of the Government of India who is made responsible for the Department of Works?—The practice of the Government of India for some years past, the last 10 years or more, has been to distribute the business of the various departments among the Members of Council, and the whole tendency of the administration has been to separate more and more completely the various departments of the administration, and as the work has increased to leave more and more to the individual Member who has charge of the particular department. The civil business has practically been handed over specially to the civil Members of the Government.

6301. Do you mean the civil business connected with public works, or generally?—I meant the general civil administrative work. The military business naturally falls to the special military Member, who is specially appointed as having a special knowledge of military affairs. Then of late years also there has been a special Member of the Council appointed to control the financial part of the business, and there has been a special Member of the Council appointed to control the legislative business; but as regards the public works there has never been anybody specially appointed for that duty, and the result has been, that if the Governor General himself has not taken it up it has fallen to that civil Member of the Council who is not designated by any special capacity or any special knowledge as best suited to take charge of some of the civil departments. The result, according to my judgment, has been necessarily to leave the policy of the management of public works very much without that sort of continuity of control, and to deprive it of the advantage of being governed by that sort of special responsibility, which to my mind are quite requisite for satisfactory and efficient administration.

6302. Then the subjects which have been brought under the notice of the Governor General in Council have either been taken up by him personally, or by the Member of Council who takes an interest in the particular work; is that the result?—I should perhaps explain more particularly that during Lord Mayo's time, Lord Mayo himself personally had charge of the Public Works Department. Before Lord Mayo, one of the other Members had charge; a civil Member had charge.

6303. Mr. *Eastwick.*] Can you say who that was?—Well, for several years, and during the greater part of Lord Lawrence's administration Mr. Noble Taylor had charge of the Public Works Department. After he went, I do not distinctly remember who was in charge till Lord Mayo's arrival; however, the interval was short.

6304. *Chairman.*] Now, under the Council who is the responsible officer? — Under the Council comes the Secretary; and the necessary result of the condition of things that I have described has been, where the subjects to be dealt with are so extremely technical as they are in the Public Works Department, virtually to throw upon the Secretary in that Department the sort of duty in connection with the administration which, in the other departments, is almost entirely performed by the Member of Council.

6305. Has the Secretary a large establishment for the purpose of examining everything?—The Public Works Secretariat of the Government of India is the largest, no doubt, and the strongest, and the best organised of any of the departments under the Government of India.

6306. Does that embrace a complete staff of technical officers, to examine all the proposals that come forward in detail?—Yes, it does. Under the Secretary at the present time, the first officer to be named is the Inspector General of Military Works. He has the general charge of the whole of the military buildings, and everything connected with military buildings and military works. It is his special province to supervise the whole of the business of that character that comes before the Government of India, and also to go about the country to visit the works that are in progress. Under the recent change that has taken place in the system, and which I referred to before, under which the construction of military buildings and works has been taken away from the control of the local or provincial authorities, and brought directly under the Government of India, this officer now has the special charge of the whole of that business. Then the next person is the Inspector General of Irrigation; that office I held. It was first created in 1866, and I held it for two years; and it now is held by Colonel Rundall. The Inspector General of Irrigation in like manner advises the Government of India on all matters connected with irrigation, and he in like manner is expected to go all over India and to make himself acquainted with the works that are actually going on, and to look after the new projects. Then the next department is the Railway Department. For the Railways there is a special officer also, who has a specific charge of all the business connected, first, with the guaranteed railways, and second, with the State railways. It is about a year ago since a special consulting engineer has been appointed to supervise the whole of the business connected with the construction of the State railways; it was only within the last year that the necessity for such an officer arose.

6307. Was that in consequence of the magnitude of the State railways?—Until about a year ago the discussions have been rather of a preliminary nature, and on general subjects, and the necessity for controlling the details of construction had not arisen, and the appointment of such an officer was deliberately postponed until it was found to be really necessary. Then another principal branch of the office is that which controls what we call the establishments, everything connected with the *personnel* of the department; the officer over that manages all the business connected with new appointments, and all questions regarding salaries and leave, and all matters of that sort.

6308. Then is the telegraph business specially superintended?—With regard to the telegraph business, as I think I mentioned last time that I was here, although it is controlled by the Government of India in the Public Works Department, it is managed in detail by a special officer, the Director General of Telegraphs, not directly connected with the Public Works Office, who has a much more complete control over the telegraphic business than the local public works officers have; the Director General of Telegraphs is, in some respects, in the sort of position that the Inspector General of Military Buildings under the Governor General of India occupies; but he has delegated to him much more authority, and therefore the references on telegraphic matters that come to the Government of India are rather matters of general policy than of detail. I cannot say at present under whom the telegraphic business is put; there is no separate officer for it, and it depends a great deal upon the quantity of work that is going on in the various branches of the Public Works Office; and the telegraph business would be handed over to the officer who practically was found to have the most leisure.

6309. A new arrangement has been made for the forests lately?—Yes; the forests were formerly on something of the same sort of footing as the other branches, that is to say, there was an Inspector General of Forests, who worked in the office much in the same way as the other superior officers that I have described, he also going about and examining the forests himself personally; but now he has been transferred to the Agricultural Department, and the Public Works Department has no further concern with the forests. There remains the Account Branch. The account branch is under the Accountant General for the Public Works Department. The whole of the accounts of the Public Works Department are managed in detail and audited by the Public Works Department itself, both the accounts of receipts and the accounts of disbursements; and latterly, the accounts of the railways have been more completely placed under the Accountant General of the Public Works Department than they formerly were. The transfer of the control of the guaranteed railway accounts has been gradual; until the last three or four years they were very much more under the Civil Account Department.

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6310. This accountant staff receives all the accounts of the expenditure in the provinces, and audits the accounts?—Quite so; rather, I should say, it controls it, because the audit is all local. There are local officers all over the country, called controllers, who are the real auditors, and the Government of India's officers merely exercise a general control. If there is any question of doubt, or if any irregularity is observed in the proceedings of the local officers, the central authority under the Government of India investigates the matter and disposes of it.

6311. Now, since the works in the different presidences have been placed under the control and superintendence of the local Governments, will their organisation be precisely the same as that you have described in relation to the Government of India, with respect to the works under their control?—In a general way it would be something of the same sort. The transactions being more special, and not on quite such a large scale, of course the work to be done is not so much, and the organisation is not quite so intricate.

6312. We understand, then, that the State railways, whether they are in the limits of the Bengal Presidency or in any other part of India, will all be carried out under the Government of India, under the establishment in Calcutta?—That is the intention at present; the intention is that they shall be entirely controlled by the Government of India.

6313. Do you think that the system which you have explained, subject to the qualification you have expressed, is sufficient for the purpose of controlling the expenditure of public works?—Well, I think that the general system of organisation is satisfactory. It has grown up, and has been formed under the pressure of actual facts, and has got itself developed from the actual requirements of the public service as we have been going on. I should, perhaps, remind you that the department was formed comparatively a short time ago (I mean short in an administrative point of view, the office only being called into existence in 1864), and I do not think it is fair to expect that everything shall suddenly get put into a perfectly satisfactory position; and one must expect that a certain time must elapse before all the requirements of such a very complicated administration are thoroughly appreciated and met.

6314. Have complaints been made in different parts of India of the operation of this system, as to the great delay that occurs in getting anything settled or done?—I think, on the whole, the

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Public Works Department is the best abused department in the administration. Everybody appears to consider himself to be more or less of an engineer. But there is a circumstance which I think tends to aggravate the asperity of criticisms on engineers, and the Government department of engineers in particular, namely, this, that an engineer in his operations is dealing with, if I may so express it, a judge that will not let him off if he makes a mistake; he deals with the forces of nature, and with the force of gravity in particular; and if he does make a mistake, those forces are perfectly certain, sooner or later, to find him out; and, I think, that if the operations of all other departments were tested by as severe a judge as our operations are tested by they would certainly show as badly as we do.

6315. Have there been any complaints as to the want of sufficient consideration of particular projects for works, and of the delay in arriving at any conclusion? — There is no doubt there have, and there is no doubt whatever that the operations of the Public Works Department have not been immaculate in those respects. Of course there would be considerable difference of opinion as to what objects, when you come to deal with great works, are really valuable, and what are objects that a Government may fairly and reasonably carry out; and therefore in any opinion that I give on such a matter as that, and as to the propriety of the expenditure, of course all that I can do is to express my own opinion, and everybody has just as good a right to his opinion as I to mine; but my own idea, I confess, is that the worst cases of what I should call extravagant expenditure have arisen from interference from England; that so far as the Government of India has been left to itself, it has been less disposed to go into what I should consider inconsiderate expenditure than might appear from what has actually been the case under the pressure that has been brought upon it from England.

6316. You mean that projects have been recommended by the Secretary of State in Council to the Government of India for execution, which have been expensive?—Precisely.

6317. And the Government of India has felt under the pressure of those recommendations compelled to enter on works which it otherwise probably would not have done?—Certainly.

6318. Sir *C. Wingfield*.] I suppose you refer to the Madras Canal as one work?—If the Committee desire me I can tell what my own opinion is; but I wish to guard myself again by saying that it is my personal opinion, and everybody has a right to his opinion. However, I think it is my duty before this Committee to say exactly what I think are the defects of our system of administration.

6319. *Chairman*.] Will you give some instances of the kind to which you have just been referring?—The first instance that I would give is the Calcutta and South Eastern Railway, the Mutlah Railway as it is commonly known in India; the history of that is short. A certain number of speculating gentlemen in Bengal thought, no doubt with the best intentions, that the port of Calcutta was extremely dangerous and difficult of access, and that it would be a very fine thing if a subsidiary port was formed on the Mutlah, the access to which river no doubt is very much easier than that to the Hoogly; and they induced the Government of India to establish a port there; and the port being established, they represented that it was necessary to give access to Calcutta from this port, and a discussion began as to the best way of doing it; one set of people said a ship canal and another set of people said a railway; the chief persons interested in the Mutlah, the Mutlah proprietors, recommended a railway, and the Government of India having very carefully considered the subject, unanimously, I believe (it was in Lord Canning's time), Lord Canning and the whole of his Government, came to the conclusion that it was highly inexpedient to make that railway, and they wrote in strong terms to the Secretary of State expressing that opinion.

6320. Mr. *Faucett*.] Was not Lord Derby then Secretary of State? — Yes. The reply was a brief letter from the Secretary of State, not referring to one single one of the arguments of the Government of India, but informing the Government of India that he had given a guarantee to the company formed for making the railway.

6321. *Chairman*.] But the railway was called the Port Canning, was it not?—The Calcutta and South Eastern was the name it took; Port Canning is the name of the settlement, of the town on the Mutlah.

6322. And was it not also called the Canning Railway out of compliment to Lord Canning?—No, I never heard that; the port was called Canning, but not the railway, and not because he had favoured the railway.

6323. Sir *C. Wingfield*.] This is the railway generally known in India as the Mutlah?—Yes. Well, this railway, being somewhat less than 30 miles in length, there being no works of any description to be called difficult engineering works (there is one girder bridge only worth mentioning, and the engineers made rather a mess in the erection of it), has had spent on it, altogether, a sum between 500,000 *l.* and 600,000 *l.*; and there is literally, as far as I can see, nothing to show for it which would justify half the outlay.

6324. *Chairman*.] Was not the money forming the contribution of the subscribers paid into the Treasury of the Government in England; the capital, I mean?—The whole affairs of the railway were carried on exactly in the ordinary way of guaranted railways.

6325. Was any money paid out of the Treasury in India without the previous sanction of the Railway Department in Calcutta?—No; the whole of the operations of the railway were carried on in the regular way.

6326. Were they not carried on at every step with the sanction of the Railway Department at Calcutta?—Certainly, quite.

6327. Then it would seem that if anybody was responsible for this expenditure, the Railway Department at Calcutta was responsible?—Perhaps you will let me finish the story of this railway. The end of the story is, that from the time that the railway was opened up to the present time, excepting, perhaps, the last two years, since the Government has taken it over, it never paid its working expenses. The Government had to pay, year by year, the difference between what the working and maintenance cost and the receipts; and, finally, the shareholders having been told that the Government would not continue this arrangement, they, under the powers they have under their contract, threw up the railway, and the Government now has

got

got it and has paid this 500,000 *l.* or 600,000 *l.* for it. Now what I say is, that whether there was remissness or not on the part of the Government officers who controlled the railway expenditure in India, the necessity for the control, and the possibility of the waste which has certainly arisen in that case, could not have occurred if the Secretary of State had not ordered the railway to be constructed.

6328. Though it is quite clear that one thing cannot happen after another unless the previous event happens, is that the least argument to show that it happens in consequence of the previous event?—Well, of course you cannot here say, *post hoc, ergo propter hoc.*

6329. Is not that exactly what you are saying; what I understand is that the Government in London sanctioned the construction of the railway, and you would therefore infer that, because they did this, the Government of India is absolved from all responsibility for what you have described as a waste of money?—If you will pardon me, I did not say that the Government of India was absolved from responsibility.

6330. Supposing any money to have been wasted, what has that to do with the fact of the Government in London sanctioning the construction?—Supposing that the railway had cost nothing literally, that we had made it for one rupee, it still would have been worked at a loss, and still would have been a most objectionable thing to guarantee.

6331. I am asking you questions now upon the construction; you stated to the Committee that when the Government took over the railway, you did not find anything to represent the expenditure that had been made in the construction of it; I understood you to say that?—I say that for such 30 miles of railway as have been made there between Calcutta and Port Canning, there is nothing to represent an expenditure of 600,000 *l.* Of course I perfectly appreciated the nature of the questions which you have been putting to me, and that they imply that the Government of India is at all events on its part hardly less to blame for allowing such a waste of expenditure than the Secretary of State for having originally authorised it.

6332. The Secretary of State is therefore responsible for sanctioning the project, as I understand, either without information, or upon imperfect information as to the probable profits of the undertaking to answer for the guaranteed interest?—Yes; adding, if you please, the warning which was given by the Government of India, that the thing must be a financial failure, and the strongest expression of opinion that such a work never should be undertaken; you must remember that.

6333. That is one proposition, but that does not in the least affect the question of there being nothing sufficient to represent the expenditure of 600,000 *l.* when you took possession of the railway; that is a wholly separate question?—I quite agree that it is a totally separate question.

6334. That is the question which concerns the administration of the railway system in India?—That is perfectly true; I candidly admit that at once; but that opens out an entirely different question. It opens out the question of the system under which guaranteed railways have been carried out in India.

6335. That is of course the only point which we can examine you upon, because it is the only point which you may be said to be able to represent. namely, the administration of the works department in connection with the railway. What I am asking you to explain is, how this event happened, as every step that was taken in India to construct this railway was taken with the approval of the Government Railway Department, and every shilling that was expended was drawn out of the Treasury of the Government of India with their approval, with the exception of the expenditure upon contracts made in England?—The general reply to that question is, that the system under which expenditure on guaranteed railways took place was extremely inefficient, and that the Government, in fact, did not, and could not, under that system, exercise a real control over the expenditure.

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6336. Will you explain a little more in detail what constituted the inefficiency which prevented them from exercising the controlling powers which they had in law and in right?—At the root of the inefficiency of the control was this fact, that the Government did not support its own officers. The Government would not support the Government engineers when they recommended that large sums should not be applied to the guaranteed railways. The pressure which the companies brought to bear upon the Government was too great, and the Government officers were sacrificed; they were overborne, and their recommendations were not accepted, and they were not acted upon.

6337. To give you an illustration of my meaning, the chief station in Calcutta of the Mutlah Railway is very nearly side by side with the chief station of the other railway, which is called the Eastern Bengal, and at the time when this was constructed, the Eastern Bengal Railway was doing very little business, and is doing now comparatively very little business as compared with the largeness of the station. Can you explain why two stations were constructed both together, instead of one being used for both lines?—I have no specific knowledge of the facts, but I have no doubt that the argument that was used was, that the Calcutta and South Eastern Railway was a separate undertaking, and was entitled therefore to have a separate terminus. That if it did not have a separate terminus, its interests would, somehow or another, be neglected, and that it would be more or less under the control of what might be called, somehow or another, though I do not know how, a competing or adverse line; that the interests, at all events, of the two companies were not identical, and therefore that if the Mutlah line had to come into the Eastern Bengal Station it would not be fairly treated.

6338. I meant whether you, having been in the railway department, can say how such a transaction as that was allowed; it being believed by the Government of India that there would be very little business done by the Mutlah Railway when constructed, yet they allowed it to have a separate and independent station just at the side of the other railway?—It is impossible for me to answer that question fully. First of all, I did not control the whole of these operations myself. I had probably nothing whatever to do with that particular question; but I know certainly this, that the spirit under which the proceedings of the Government, in relation to that particular railway, were conducted was, that the Secretary of State had sanctioned the construction of a

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railway from Port Canning to Calcutta, and that therefore it was the business of the Government of India to see that that railway was made. A separate undertaking hss been sanctioned, and a separate undertaking has to be carried out. The formation of a company in England is sanctioned; that company has its engineers and its board of directors; these directors, also under the control of the Secretary of State, make schemes and send out engineers; these engineers recommend certain works to be undertaken, and the Government of India says that the company, having been guaranteed, under the peculiar circumstances of the case, it is their business to see that the company has the means of carrying out such a railway as the Secretary of State intended to be carried out.

6339. Then your evidence would seem really to point to this, that the Government gives a guarantee because it has the most complete control over every expenditure; and then the mode of expenditure is left, to a great extent, uncontrolled, because the Government have given a guarantee; the effect of your answer, in short, would be, that the Government gives a guarantee in London because the expenditure and the mode of expenditure is to be completely and efficiently controlled in India, and then when the operation is carried out, the expenditure and the mode of expenditure are not controlled in India because the Government in London has given a guarantee?—That is the actual fact; that was the way in which the guaranteed companies did carry out their operations at that period.

6340. Has that system which you have described as so defective led to the consideration of the construction of railways without the intervention of companies, which are now called State railways?—That is one of the causes.

6341. Do you know whether an accurate estimate was made of the probable out-turns of the projected new State railways before they were sanctioned?—As far as it is possible to make such an estimate, yes.

6342. And do you know whether the estimate is that they would be profitable?—Myself, I consider that it is absolutely impossible to make anything that deserves the name of an accurate estimate of the traffic on a projected line of railway. The Government of India in accepting proposals for making a State line did what, so far as I can form an opinion, is the only thing that is possible under such circumstances; namely, they considered what was the general character of the country through which the projected line was to pass, and they also considered what was the return which was actually received from existing railways passing through a country, as nearly as could be judged, similarly circumstanced; and they say then, taking a moderate view of the probabilities of the traffic, we are likely to receive on a railway going through a district having such and such a population, and with such and such towns, and so forth, an income of, say, so many pounds per mile per week; we form this opinion from the experience of other railways in other parts of India; and on such a judgment we are able to say that, taking a moderate view, and deliberately taking a moderate estimate, we may fairly anticipate a return of so much a mile on this projected line of railway. That I look upon as the only possible means of estimating the traffic of the railway.

6343. Can you refer the Committee to any compendious statement containing those facts, which has been prepared by the Railway Department in India?—I am afraid not.

6344. Sir *C. Wingfield.*] In those minutes signed by Lord Lawrence about four years ago, on the construction of State railways, will not all those points be adverted to?—Unfortunately I had no idea that I was likely to be asked anything about railways to-day, and I have not brought any of my railway papers with me.

6345. All those considerations, I think, are more or less touched upon in those minutes?—In a general way, I should say, yes, without being able actually to refer to the papers.

6346. *Chairman.*] Can you tell us whether any estimate was made, at the time of taking over from the company the Mutlah Railway, of the probable loss or waste that had been incurred of capital in its construction?—No, I should think not. I cannot see what use there would have been in making such a calculation, and I do not suppose that the Government of India thought it worth while to ask such a question.

6347. Was there no estimate of the stock taken so that the Government might know exactly what it had taken possession of?—I must answer this without having any specific knowledge, but I am under the belief that quite lately the Government of India has entertained the question of what nominal capital shall be written down against the Calcutta and South Eastern line on its being taken over as a State line; that the engineers of the Railway Department have represented that the nominal capital, which appears from the expenditure which took place under the company, is in reality not an expenditure which should reasonably be charged against this railway on being received as a State undertaking; that it is perfectly hopeless that on such an expenditure any reasonable return can be obtained; and therefore the Government was invited by the engineers to consider the propriety of reducing the nominal capital.

6348. Do you know what is the result in figures?—I do not think that any conclusion has been come to; I think that that is a discussion that is now going on, but that the question has been entertained.

6349. Do you recollect at all what the estimate was of the out-turn of the Mutlah Railway, what per cent. it was to pay; you stated that it would not pay the 5 per cent. guaranteed interest, but what was it estimated that it would pay in the way of receipts?—Estimated by whom?

6350. By anybody?—I do not exactly understand the scope of the question.

6351. What the projectors, before it was sanctioned, estimated it would pay, or whether the Government of India made any estimate of what the out-turn would be?—I thought I explained specifically that the Government of India unanimously, and in the strongest way, condemned the railway as one that would be necessarily a financial failure.

6352. It was to explain your phrase, "financial failure," that I asked the question; was the estimate that it would produce nothing, or a small per-centage less than the guaranteed interest?—I cannot tell you at all that; my impression would be that the question had not got into a position in which any such discussion could arise. The question was in general terms, whether the Government would countenance the construction of such a railway as that.

6353. Sir *C. Wingfield.*] The projectors put forth extravagant notions on the subject, did they not?—They contemplated a transfer of the entire trade of the Hoogly to the Mutlah?—There has been a good deal of tall talk on the subject; but I could not specifically say what they said in their prospectus or any of their letters on the subject.

6354. Mr. *Candlish.*] Was there not an estimate made of the cost of the railway and the probable income of the railway after completion before it was commenced?—I have no doubt that there was such an estimate. As I said before, the Government of India repudiated the whole thing.

6355. *Chairman.*] They may have repudiated it, because they were giving a guarantee of 5 per cent., when they only estimated that it would produce 2 or 3?—The Governor General in Council never gave the guarantee; he objected to it.

6356. They expressed an opinion on it?—They expressed the opinion that the railway should not be undertaken at all.

6357. That might be on the ground that it would not pay 5 per cent., or 4, or 2, or 3, or that it would not pay its working expenses?—I can only repeat that the question of any specific expenditure and any specific income had not arisen; that the question was, shall such a railway be constructed or shall it not be constructed. I think it will be found that in any of the conclusions that were come to as to the guaranteeing of lines of railway at that time there were no specific estimates made, either of charge or of income, before the guarantee was given. The railways were carried out in a tentative way, and it was known practically that no estimate of income worth having could be formed. The Government, under Lord Dalhousie, determined, and most wisely determined, that they would make railways, and they did what they thought was the right thing, they handed them over to these guaranteed companies to be carried out. They thought that they were doing what was the best for the country; and I have no doubt at all that, under the circumstances, they were perfectly justified in the conclusion that they came to, that that was the proper way of doing it.

6358. Do you know whether any estimates have been made by the Government of India of the probable out-turn of the State railways?—I think the only answer I can give is the answer that I gave before.

6359. Do you know whether an estimate, in fact, has been made, and have you any recollection of the proceedings that took place in 1869 to arrive at an approximate estimate of the out-turn; perhaps if you take that book (*handing a book to the Witness*) you can answer the question better?—There have been a great many inquiries made on all subjects of this sort at various times, and as regards various lines of railway on which the estimates have been made by various people on various principles, but I am not at all prepared to say that any of these papers that have been put before the Government of India have ever been accepted by the Government of India.

6360. I wish to call your attention to a telegram from the Viceroy to the Secretary of State, sent on the 8th of May 1872: "Net revenue on outlay from loan-funds on State railways under construction estimated as follows: Lahore, Jhelum, 100 miles, 2 per cent.; Rajpootana system, 300 miles, 4 per cent; Holkar line, 86 miles, 3 per cent.; Wurdah Valley coal branch, 50 miles, 5 per cent.; Patree salt branch, 22 miles, 4 per cent.; Indus Valley, 500 miles, 3 per cent.; for details, *see* Despatch No. 24, Railways of 1869, forwarding reprint of Public Works Proceedings"; can you explain anything connected with this, as it occurred in 1869, when you were in the Public Works Department?—I interpret this telegram to mean that the Government of India at the present time estimates that the eventual return on these lines that are specified in the telegram will be at the rates that are mentioned in the telegram: that that is an estimate now made of the probable returns on the probable cost, and that the words "for details, *see* Despatch No. 24," refer to the details of the lines, and not at all to any detail of the probable expense on the one hand, or probable income on the other.

6361. Assuming that to be right, do you recollect what is the present net profit of the railway that has been constructed in the lower valley of the Indus?—The existing line, the Kurrachee line, you mean.

6362. Yes; do you know about what is the net annual profit on the cost of construction?—I should think extremely little.

6363. Has that failed to pay its working expenses, do you recollect, or is the surplus merely nominal?—I think that the surplus is merely nominal.

6364. You think that we could infer from that that the 500 miles of the Indus Valley, which would be still further increased from the concentration of the whole traffic of the valley, the line being extended further from the sea, would be likely to yield the income described in that telegram?—Perhaps it would simplify my examination if I say at once distinctly, that so far as I personally am concerned, I think the making of the Indus Valley Line at the present time a great mistake. I never advocated it, quite the reverse.

6365. Would it be right to assume that the last section of the Indus Valley towards the sea port would be probably the most profitable of the lines constructed in the Indus Valley?—No, I think not.

6366. Then you do not anticipate that the 500 miles will return the 3 per cent. anticipated there?—I know that quite recently the Secretary of State has received from the Government of India approximate estimates, preliminary estimates of the probable cost of completing the line from Mooltan to Kotri, and the probable income, and that on that they conclude that there will result an actual charge.

6367. What is the probable amount?—I forget the precise sum; 20,000 *l.* or 30,000 *l.* a year, I think, but the papers can be got; that is, that the Government will have to pay for the advantage of having this line of railway from Lahore to the sea, 20,000 *l.* or 30,000 *l.* a year.

6368. Then in point of fact, the estimate that was formerly made of 3 per cent. profit now degenerates into an estimate of a loss from the working expenses being in excess of the receipts?—All that I can say is that I know nothing whatever about that estimate contained in that telegram from Simla; it is not mine. I cannot testify to the facts in the least, and I do not, at the present moment, understand how any such figures could have been sent, or how they are arrived at.

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6369. Then it would seem that, so far as the finances of India are concerned, whether the Secretary of State sanctions a railway or whether the Governor General initiates a railway as a State railway in the hope of profits, they are equally liable to end in a loss?—Equally liable to end in loss, certainly; but I do not think with regard to the illustration that you have given, by comparing the Indus Valley line with this Mutlah line, that any such comparison leads to any such conclusion. The Government of India (I do not say that they are wrong, but only that I differ from them) have considered that the opening out of railway communication between the Punjab and Kurrachee is a political object of great importance, and they think that it is worth while to pay the 20,000 *l.*, or 40,000 *l.*, or whatever it may be, a year to attain that object.

6370. Mr. *Fawcett.*] More than that, there is an addition of the loss of interest; the loss in addition to the 20,000 *l.* a year of interest on the expenditure?—No, I have not explained myself clearly if that is the impression that I have left. I mean including the charge for interest; that the net returns set off against the charge for interest will leave a net loss of 20,000 *l.* or 30,000 *l.* a year.

6371. Then it will pay 4 per cent.?—That depends upon what it costs; we have not got the cost before us.

6372. You say that a certain sum, whatever is spent, will pay the interest within 20,000 *l.* or 30,000 *l.* a year on the capital; considering that the expenditure is very large it will pay very approximately the interest that has been guaranteed?—I suppose, on further consideration, that that figure of 3 per cent. is right in the telegram.

6373. Mr. *Dickinson.*] I thought you said that it would work at a loss?—No, I was misunderstood if I was supposed to say that.

6374. *Chairman.*] We have understood you in saying that it would be worked at a loss of 20,000 *l.* to mean that the working receipts will not cover the working expenditure; but that is not your meaning?—No, I did not mean that.

6375. You will observe that you told us that we could only infer the probable out-turns of the railways from the experience gained from the railways already constructed; and then I asked whether you could infer from the state of the Kurrachee line that the 500 miles would pay 3 per cent.?—The reply to that is that the traffic between Kotri and Kurrachee is exclusively the through traffic between the Indus and the port of Kurrachee; the country between Kurrachee and Kotri is a desert, with no population, no town, nothing except sand and stones. The Indus Valley line, on the contrary, will go through the richest part of Scinde, and it is reasonable to expect that there will be a fair traffic upon it.

6376. Is not the population very sparse in the Indus Valley throughout the 500 miles, as compared with other parts of India?—It is.

6377. Mr. *Fawcett.*] I understood you to say that you yourself strongly disapproved of this Indus line, because it had been an unremunerative line. How do you reconcile that expression of opinion with what you now state, that the line will in all probability pay the interest upon the money expended, less 20,000 *l.* a year, which of course is insignificant on a large outlay of 500 miles?—All I can say is, that I do not think it is insignificant. I think it is our business, at least I have always thought it was my business, to prevent expenditure of that description if I possibly could do so. I do not think that, considering what are the requirements for railways generally in India (perhaps that is the better way to put it), a railway down the Valley of the Indus is that of all others that I should begin upon now. If I desired to spend more money upon railways, that is not the one which I should undertake.

6378. *Chairman.*] Upon what principle do you think that the expenditure upon any railways as State railways should be regulated; upon what principle should the selection be made of lines to be undertaken by the Government?—Well, I do not think that there ever has been very much difference of opinion on this. The only point is, that having got data on which to work, one mind will arrive at one conclusion and another at another. Of course, the question of general policy is one important question, the question of what is required for the military defence of the country is another important question; the requirements of export commerce are another important matter; and the requirements of a large population locally are; the internal communications and trade of the country are also important matters; and all these complicated considerations everyone who attempts to form a judgment as to the expediency or not of making a railway has to weigh, and arrive at a conclusion in the best way that he can.

6379. Did you arrive at any definite conclusion yourself as to the particular lines of railway that ought to be constructed in preference by the State?—I think that the other lines that the Government is making are reasonable lines. I think that the line that is being made now from Agra to Ajmere, and also the one to Indore, are both reasonable and proper lines to undertake. I think on the whole also that it is desirable to make the railway from Lahore towards Peshawar.

6380. What is your opinion as to the best mode of expending public money in railways; is it by the direct action of the Government, or by the intervention of companies?—By the direct action of the Government.

6381. Do you think that the Government will avoid the waste that you have ascribed to the company in a particular case by constructing the lines themselves?—I presume that there will be waste under Government management, as there is or has been under the management of the companies; but I see no reason why the waste should be greater under Government than under companies; and I do see other positive reasons for considering that the management under Government will be better, and that the general results under Government management will be better than under companies.

6382. Have you made an estimate of the relative expense of the supervision of the railways by the railway companies as compared with the supervision of works by the Government in construction?—No; I have no detailed figures that could be relied upon, but the general impression that I have is, that the supervision of work under the railway companies is more expensive than the supervision of work under Government.

6383. Do you know whether the rates of remuneration that are paid by the railway com-

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panies to their establishments are higher or lower than those that are now paid by the Government to its establishment of engineers?—I think the railways are rather higher, and for this reason, that the railway companies give no pensions to their servants. The terms on which the Government employ engineers are these, virtually; if a man is tolerably efficient and well-behaved, he obtains permanent employment, and he has privileges of leave, and of pension, and so forth, which he does not obtain under the railway companies. I personally have had negotiation with railway engineers, who have come from the railway companies into the service of Government, and I judge from this. Of course when you get down to the lower grades, the rates of pay are pretty much the same; there is no reason why a workman employed under a railway company should get anything different from a workman under Government.

6384. Mr. *Bourke.*] Do you know of any instance where engineers who were receiving, we will say, 700 *l.* a year or 650 *l.* a year from a company, have gone into Government employ for 500 *l.* a year, or a reduced salary, because they looked forward to the prospective advantages of pension?—Certainly; that is what I intended to say, that that has actually occurred in my negotiations with railway engineers to come into the service of Government.

6385. *Chairman.*] As the pension system has not come into force with reference to the Government engineers, the ultimate charge is not felt at present; is there any charge at present, as the staff has only been recently organised; it is not of a non-effective character?—Obviously.

6386. And therefore the whole effect is not felt at present in the expenditure of the Government on railways; it will only fall due at a period 20 years hence, when it will practically have come into operation?—I suppose that is the case.

6387. Now, will you please turn to the schedule which we were speaking of the last time you were examined, Paper 11 of the Appendix. Have you been able to refer to the works of which that schedule is a summary?—I have satisfied myself so far as they go, that they represent the amounts which are shown in the Public Works Accounts of India. If you will allow me, I will make one or two observations on some of the items. I remarked the last time I was here that the Government of India in assigning money for expenditure on Public Works, endeavoured as far as possible to maintain a tolerable equality in the amount from year to year, so as not to create disturbance in the administrative arrangements, and a doubt was expressed whether these figures supported that view. Now, for instance, if you look under the head of Public Works Extraordinary, there is no doubt that the figures as they stand there do not appear to support that view. But the facts are these: In the first year, 1867–68, the expenditure was 602,000 *l.*; that was *bonâ fide* expenditure in India. In 1868–69, the amount is 1,370,000 *l.* Now, out of that, rather more than 500,000 *l.* was the payment made to the Calcutta and South Eastern Railway Company on account of the railway, and that of course has nothing at all to do with expenditure in India; therefore the real expenditure in India to which I referred is only about 800,000 *l.* Then in the next year the expenditure under the same head appears 2,599,000 *l.*; but out of that 1,000,000 *l.*, and I think more, was paid to the Orissa Canal Company on the transfer of its works; therefore that reduces the expenditure in India in reality to something like a million and a-half, and further, when you compare that expenditure with the amount in the next year (that of 1870–71), a further allowance has to be made, because certain expenditure was going on at Bombay in the former year under what has been called the Bombay special fund, which ceased in the year 1870–71, because that expenditure ceased to be allowed. The amount in 1869–70 was 400,000 *l.* Therefore in order to compare the expenditure from year to year, it is necessary to make those allowances; and those allowances being made, I think that what I said regarding the general regularity of the assignments is entirely borne out.

6388. But I do not think you made it quite clear to the Committee upon what principle the Government allocated the works as extraordinary works which should be the subject of a loan. Are those works ear-marked in their proceedings and accounts, and kept separate from the ordinary works?—Yes, the expenditure is kept separate.

6389. I mean, is an account open with reference to the particular work, in the same way as if it had been consigned to the management and administration of a joint stock company?—No, it is not. I endeavoured to explain before that the Government had been required by the Secretary of State to spend as much money as was possible on irrigation works out of the revenues of the year; and that being the case, there is no distinction in their nature between the works which are carried out from funds obtained from the revenues, and those carried out from funds obtained from loan. The distinction is in the fund, not in the work. A special assignment is made from the money which is borrowed on account of the work, and all the money that is spent out of that fund is specially debited to the particular work on which it has been spent.

6390. But what I want you to explain is this, whether a schedule is made out of certain works which are to be considered works extraordinary, and are to be paid for by borrowed money, and are therefore to be kept distinct from the general expenditure of the Government; or whether, the whole works generally being agreed to, the surplus of expenditure over income is to be treated as the expenditure on works extraordinary, and to be met by borrowed money; how do you understand that the system has been worked out?—The arrangement is that specific assignments of money are made at the commencement of each year, either from the revenues on the one side, or from the loan funds, as we call them, on the other. This distinction is shown in the Budget estimate quite distinctly.

6391. Mr. *J. B. Smith.*] That is the Budget estimate of the present year?—Yes.

6392. *Chairman.*] Are the particular works stated in the estimate?—Yes, in the greatest detail (*handing the estimates to the Chairman*).

6393. In the Budget estimate that is prepared for the year, are the extraordinary works brought together under the heads of Original Works, Establishments, and Tools, and Plant?—Those are the heads.

6394. "Irrigation Works," they are under the

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head of, and "State Railways;" two separate heads?—Yes; the only classes of works on which the extraordinary expenditure takes place are irrigation works and railways; that is to say, expenditure under the Public Works Department; but borrowed money is also applied otherwise in the form of loans or advances for public works, and an account of those will be found annexed to the financial statement.

6395. When you speak of loans or advances, do you mean loans or advances to individuals or local companies to assist them in carrying out public works?—Yes; or to public bodies of any description.

6396. Mr. *Candlish.*] What works?—I have a list here. Here is a list of "Special loans to municipalities, &c., during 1870-71": "Calcutta Municipality for water supply; Madras Local Funds, for completion of East Coast Canal; Madras Municipality, for water supply," and so on.

6397. Mr. *Fawcett.*] What security is this money advanced on?—There will be some special security. It would depend upon the nature of the advance, or of the fund, or the body to whom the advance is made.

6398. Mr. *Candlish.*] But what has been the experience; has that sum been repaid, or a bad debt incurred?—A little of both. The fact is that this practice of giving loans to municipalities has hardly become a system until quite lately. One of the things that Lord Mayo did was to try and stimulate the healthy progress of public works by carrying out, so far as the circumstances were the same, the sort of system which has been so beneficial in England, of making advances, under proper security, for carrying out works of improvement.

6399. *Chairman.*] That is to municipal bodies, I suppose, for local works for the benefit of the town?—Not necessarily municipal bodies; to say to the administrators of public funds is a better way of putting it.

6400. Passing from those advances to the public works under the Department of Works, are the particular works all selected and approved of before the Budget is formed?—Yes.

6401. So that they can be specified in the Estimates?—Yes; quite so. The local officers who prepare these detailed Budget Estimates are distinctly ordered to ask for nothing from the extraordinary fund for any work that has not been specially sanctioned as a work that may be assisted from the extraordinary fund.

6402. But what I wish to know is whether the entire work is, in the first instance, declared to be an extraordinary public work, and the whole charge for it, therefore, brought to the account of Public Works, or whether only a sum is granted in aid out of what is called the Public Works Fund; whether the whole estimate and the whole undertaking is regarded as an extraordinary public work, and an account of it kept separately, though the fund for it may be made good by taking it out of a loan or any other source; or whether only a certain sum is granted in aid, the whole thing being mixed up in one general expenditure?—That is the better way of putting it. If a general reply has to be given then there is no distinction of the works, as such, only a distinction of the expenditure.

6403. No distinction in allocating, you mean?—Quite so.

6404. You may, perhaps, have seen that in the English estimates of the Works Department, an estimate is taken for a particular work, and that estimate goes on from year to year, and grants are made for that particular work which are separately accounted for on that work; from whatever source the money comes, it is all stated as one continuous transaction. Is any similar system carried out in India, of an estimate being made for an entire work, and the whole of that being kept as a separate work, designated an extraordinary work from beginning to end?—The fact that any work receives money from the extraordinary fund brings it under the category, so to speak, of extraordinary works; that is to say, that it becomes necessary according to the rules that have been laid down, that there shall be a separate capital account, and a separate revenue account kept of that work. If it is only 50 *l.* that is given to the work, it immediately so far falls under the category of extraordinary work, that is, a work assisted from the extraordinary fund.

6405. Do I understand that the work being ear-marked, and kept in the estimate from year to year as a work extraordinary, the question whether the whole charge for that work for the year shall be paid by loan, or partly by loan and partly out of the current revenue, is treated as a question of finance by the Finance Minister?—Rather it is treated as a question of administrative detail by the Public Works Department.

6406. I do not see how that can be; I am speaking of how the funds are to be provided for the year; supposing the work has been selected as an extraordinary public work, and expenditure has to be made on account of it within the following year, whose duty is it to determine how much of that shall be met by borrowed money within the year, and how much shall be paid out of the ordinary revenues of the Government within the year?—I think still that that principally devolves on the Public Works Department.

6407. Do you understand that the Public Works Department has the determination of the question of how much shall be raised by loan in the year, and how much shall be paid out of the revenues of the year?—No; the general amount to be appropriated from the revenues for public works is settled by the Financial Department, but the distribution of that lump sum is left to the Public Works Department.

6408. Then is the grant that is made by the Financial Minister to embrace both a grant out of the revenue and a grant from the loan as a gross sum, leaving the allocation of the two to the Public Works Department?—No; the allocation from the revenue is made distinctly, and the allocation from the extraordinary fund is made distinctly.

6409. You mean that so much would be allocated to works extraordinary from the ordinary revenues, and so much would be allocated as money to be raised by loan; and then, that the two together would be put at the disposal of the Public Works Department, and they would allocate the whole sum among the several works?—Yes; that virtually the extraordinary grant for the year is the aggregate of the expenditure which the Public Works Department thinks can be usefully applied for properly sanctioned works. The Financial Department does not say, at least up to the present time it has never said, "You are spending too much, reduce it;" I mean of the extraordinary

extraordinary money. The fact is that the expenditure has not been very large up to the present time, and that the case has never occurred that so large a sum has been asked for, as extraordinary grant, by the Public Works Department, as to make the Financial Department hesitate about the propriety of supplying it.

6410. Am I right in saying that the grand total is 4,847,000 *l.* for the Public Works Department both in England and in India?—I have not that figure before me. The extraordinary outlay for 1872–73 is 2,615,000 *l.*

6411. We may take it that the schedule of public works, to be undertaken as extraordinary works in the first instance, is settled, or rather is prepared, by the Public Works Department?—Yes.

6412. And that schedule is submitted to the consideration of the Finance Member and the Governor General, in fact, to determine whether they can provide the funds that are necessary to carry it out?—It is rather done in the converse way.

6413. What do you call the converse way?—That the Public Works Department at the commencement of the year asks the Financial Department what amount they are disposed to give for the coming year. I think I explained that on the last occasion.

6414. I could not make out which was the party responsible for the amount of expenditure, whether the Public Works Department is responsible, because it may be scheduled extraordinary works, or whether the Finance Minister is responsible, because he fixes the amount for extraordinary works?—The Financial Department is asked in September or October of every year how much money it will supply for the Public Works Department; and the Financial Department, by resolution in that department, informs the Public Works Department that such is the amount; then the Public Works Department proceed to allocate that.

6415. I should like to ask your opinion how that system is likely to operate upon the effective carrying on of public works; whether you think that public works undertaken by the Government, and carried on according to the grants in that way, are likely to be carried on in an energetic and effective manner, the amount of expenditure being thus given them from without?—I do not see myself that it is possible to carry on the business in any other way.

6416. But if the Government is carrying on public works with the aid of a loan, do you think it is a good system that the works should be thus dependent upon grants made from year to year, or that the public works should be carried on according to the method in which they can be most economically constructed?—I am afraid that I have not made myself understood. I said that no restriction has yet been put upon the sum of money that is allowed from what we call the extraordinary fund for works of that description; that anything that the Public Works Department asks for, and says can be usefully spent, the Financial Department supplies; that is, for the extraordinary; the ordinary is different entirely.

6417. We are now entirely upon the extraordinary; I understood you to say that the Finance Minister intimated the amount which he was prepared to spend?—That is for the ordinary.

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6418. I am very anxious first to deal now with that item of extraordinary works, that the Committee may see how the finance is settled; how is the amount that is spent in the year arrived at; is it arrived at by the Public Works Department making a schedule of extraordinary works, and saying that is the sum required to be spent; or is it arrived at by the Finance Minister telling the Public Works Department, "There is so much money to be spent on extraordinary works, and you must conform your works to that expenditure;" which system prevails?—The Public Works Department makes its estimate of what money it considers can be usefully spent upon works which have been approved of to be assisted by money borrowed; and having arrived at that amount it informs the Financial Department, and the Financial Department makes the necessary arrangements for providing the money.

6419. But has any question arisen as to an indisposition to provide so large a sum in the year?—No; I have said before that that question has not arisen.

6420. But has any intimation been given from the Government to the Public Works Department to regulate their making the schedule of the year for the public works extraordinary?—If you mean as to the amount, no; and, as I also endeavoured to explain before, the reason for that I presume is, that up to the present time the demands have not been very heavy.

6421. Mr. *Fawcett.*] But how do you reconcile that with the fact that this year you are going, according to the Budget statement, to get 2,600,000 *l.* for public works extraordinary; considering the crippled state of Indian finances, do not you consider that that is a large sum to borrow?—I do not exactly understand the bearing of the question.

6422. You say that you virtually get as much money as you like to ask for Public Works extraordinary; you, representing the Public Works Department, because your demands have always been so small, that no objection has ever been made to your demands. I ask you, can you reconcile that statement with the fact that this year you ask for 2,600,000 *l.*; is not that a very large sum to demand, considering the present condition of Indian revenues?—It does not seem to me to be a large sum at all, because it is deliberately borrowed.

6423. But then, according to you, that represents the borrowing every year of nearly 3,000,000 *l.*, and, considering the rate at which you have been borrowing, I ask you whether you do not think that that is a large sum to borrow?—Well, it is large, in one sense, undoubtedly; and most certainly if the Government deliberately goes on spending two or three millions a year on public works for objects of this sort, there is no doubt that serious attention should be paid to it.

6424. You are borrowing at the present time an amount which you say, if continued, is serious. Ought not, then, the financial department to say to you who are causing this expenditure, "Remember, we cannot permit this expenditure to continue." You say that you have never received any remonstrance of that kind, do you not?—There has never been any such remonstrance, certainly.

6425. Then what guarantee have you given to the financial department that this money which you ask for this year is an exceptional amount, and will not continue year after year?—I have not

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not said it was an exceptional amount, and I do not think it is an exceptional amount at all.

6426. I thought you stated it would be a large amount if it were to continue?—I say that it is absolutely a large amount, and that if the Government goes on year after year spending two or three millions on public works, it is very necessary to watch carefully its proceedings in so doing.

6427. If it is an absolutely large amount, how can you reconcile that statement with what you said just now, that the financial department have never controlled your expenditure because it was a small amount?—This year the estimate is larger than it was last, and the necessary tendency of things is for the amount to grow. It is only within the last two or three years that the Government has recognised the policy of borrowing at all for public works. Until three or four years ago the whole of the expenditure on public works of every description was at all events nominally supplied from the revenues.

6428. *Chairman.*] Is it quite clear now that whenever a public work is sanctioned as an extraordinary work, a separate account will be opened of that, and the whole expenditure of that will be carried on continuously from year to year?—That is the intention, at all events; those are the orders of the department.

6429. Do you know whether any arrangement has been made for allocating the general charge of supervision to the works; is a per-centage of establishment put to the charge of the particular works?—Yes, all details of that sort are carefully attended to.

6430. Then is the expenditure on these works very carefully supervised by the Works Department?—Well, they endeavour to supervise it carefully.

6431. In the past, do you think there has been a very close adherence to the estimates that have been made for the expenditure on public works, or have they been found to be loose and inaccurate?—There has been, no doubt, a good deal of blundering in estimates, a good deal of inaccuracy, but I do not think that Indian public works estimates are worse than public works estimates generally are. That is not saying much for them, I admit, but we have done what we could in India to maintain regularity in those matters.

6432. Have the estimates made by the executive officers been carefully revised by the head office?—Yes.

6433. Are the works generally carried out upon any system which ensures the completion of the work within a limited sum by contract, or are they executed in detail by the executive officers?—So far as it is practicable, the Public Works Department executes its works by contract; but it is extremely difficult in India to get satisfactory contractors, and, as a rule, the cost of works executed by contract is somewhat more than it is if they are executed by departmental agency.

6434. If executed by departmental agency, are they executed by piece-work or by day wages?—It depends a great deal upon the conditions under which the work is being carried on. With reference to the question of contract and departmental work, I may explain, that from the condition under which work is done in India, the Government is obliged to keep up large establishments, scattered all over the country, because there are public buildings and works of various descriptions in all districts, scattered very much over the country, and if you are obliged to keep up a considerable establishment to look after the maintenance of these objects, it becomes actually cheaper in many cases to employ these supervising establishments, also in supervising the labour, than to employ a contractor, who, of course, in order to be able to do the work for a profit, must again charge for his supervising establishment.

6435. Do you think that there is any disposition on the part of the Government to begin a great number of works, and then to proceed with them very slowly, instead of taking up one after the other, and finishing them as soon as it can?—That is no doubt one of the faults that has arisen in India, and which the Government of India has tried to the best of its ability to put a stop to, and there have been constant remonstrances on the part of the Government of India on account of dispersion of expenditure, and the abandoning of works which had been taken up at some past time with the intention of going on with some newer work; and the Government of India also, when it exercised a more detailed supervision over the Estimates in past years, used summarily to prevent the expenditure on various proposed new works, with the intention of forcing others which had been long in hand being completed in preference to taking up new works.

6436. Has not the want of concentration upon works been attended with considerable loss?—No doubt waste has occurred in that way.

6437. And considerable delay has taken place in the completion of the works?—Yes.

6438. Mr. *Bourke.*] That particular point, I believe, has been brought under the notice of the Government of India quite lately, of the desirability of concentrating all its forces upon a small number of works, rather than separating them?—Quite so, and particularly as regards the completion of the barracks.

6439. *Chairman.*] Has it led also to a great shifting of responsibility in consequence of the officers in charge of works being changed?—That is one of the evils which arises from it.

6440. Has any system yet been devised, by which an officer is retained in continuous charge of works which he has himself designed, until he has finished them?—One often talks of the advantage of doing that, but practically, in a country like India, where so many casualties occur, it is extremely difficult. There is a desire on the part of every administration to keep its officers in one place for a reasonably long space of time, but it is very difficult; I think the propriety of doing it is thoroughly appreciated.

6441. Do you think it would be desirable that the accounts should be framed on the footing of representing the particular works charged from year to year, like the English estimates, that they should be on the same footing in India?—I do not quite understand the bearing of the question.

6442. I mean whether the accounts for works should be for works rather than for establishments, in the form that they are with us?—The estimates are for the works. The difference in our estimates is from the necessarily different system. I should apprehend that your estimates will show the charge, for instance, in the case of the Board of Works, for the salaries of the

the officers who are charged with the general supervision; but in the way in which you would execute work in England you do not have a salaried engineer in charge of each; if you are making a road, for instance, you enter into a contract, and that work is carried out without your employing any specific engineering agency. Now, in India, from the condition in which we are placed there, we must supply the engineers to direct the execution of the work; and therefore we must supply that supervising agency which you do not require here.

6443. But still, in the English estimate for works apart from the salaried establishment, the vote is always for the particular work, and a sum is allocated for that work; do you think that it would keep more clearly in view the nature of the expenditure by the way in which the account is rendered?—My impression is that that would not be applicable to the condition of things in India; that one of the things which has to be most zealously guarded in India is the growth of the permanent establishments; and we believe that if you rigorously control and check the growth of those establishments, specifically and directly, you are more likely to enforce economy than if you merely say that the grant for such a work shall be reduced by such a sum, because there must be more economy in supervision; that you do not exactly know in the latter case where the money is going. Supposing, for instance, that a building that I have in hand will cost 4,000 *l.*, including all supervision; if the division is 3,000 *l.* for the actual work, for labour and materials, and 1,000 *l.* for the supervision, it is much more difficult for me, with respect to that 1,000 *l.*, to prevent that sum for supervision being too large if it is lumped up in the general estimate for the work, than if I know precisely what that 1,000 *l.* is going to do, and who is going to be paid by it.

6444. Do you think that the arrangements that are now in force are as satisfactory as they can be for supervising the expenditure on the public works of India?—Well, that would be saying a great deal, no doubt; and I think all that can be said is, that all of the persons who are connected with the public works administration have tried from time to time to introduce all possible improvements, and are ready to receive all possible suggestions, and to do what they can to carry out any improvement that is suggested which appears likely to lead to good results.

6445. Mr. *Fawcett.*] Is not one effect of the new plan which you described last time this: that the Government will keep, for imperial purposes, all increasing sources of revenue, and, therefore, if there is any increased charge for public works, that will have to be borne by local taxation?—For the class of public works that have now to be met from the provincial grants, certainly, but with one reservation, namely, that the Government of India, in making these provincial grants, has not affirmed that under no circumstances will it increase them. What it has said is, that it does not hold out any hope that it will increase these grants.

6446. What I say, then, is true, if they carry out what they say, that they will not hold out any hope that they will increase the grants?—Yes.

6447. Did not the Government of India, in consequence of what I have just alluded to, receive a very strong remonstrance from Sir William Muir, pointing out the great injustice that will be involved, and the great increase of local taxation?—I think not; not at all. My impression is, on the contrary, that Sir William Muir, like all the other heads of the local administrations, entirely approved of the general principle. What they nearly all equally objected to was the specific amount assigned to each particular local government.

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6448. Sir William Muir did distinctly point out that it was unfair to fix the amount, because the result of fixing the amount would be that the central Government would keep, for imperial purposes, all increasing sources of revenue?—I think it is very probable that he did say that.

6449. *Chairman.*] Have you looked to see what has been the relation of the excess of expenditure over income to the expenditure on public works extraordinary during the last few years, and to loans that have been raised during the last few years?—Yes.

6450. Can you state to the Committee what has been the amount of excess of that expenditure over income as compared with the expenditure from year to year on Public Works Extraordinary?—This Paper, No. 11 of the Appendix, that we have got here, seems to me generally to suggest, at all events, extremely erroneous conclusions. It represents a sort of idea which, from time to time, for many years past, has been put forward by the financial administration, to the effect that all the troubles of Indian finance are due to the expenditure on public works; that is the scope of it. Now, I say that nothing can be more thoroughly erroneous than that. For many years past I equally have combated that opinion, and I consider that it can be shown, in the most conclusive way, that it is not a fact.

6451. Could you give an explanation of that generally with regard to the amounts there given and the excesses from year to year during the last 10 years of the expenditure over income, and the fluctuation of the expenditure on Public Works Extraordinary?—First of all, admitting that the figures are all right so far as they go, I find that the general result stated here is that including the whole expenditure, ordinary and extraordinary, as rendered here, there is a surplus of 4,986,000 *l.*, and a deficiency of 10,997,000 *l.*, leaving a net deficit of six millions sterling for the 10 years, 1861-62 to 1870-71, inclusive. Now then, without at first discussing the figures of the statement, I find that the extraordinary expenditure is confined to the last four years of that period, and the total of that extraordinary expenditure as shown in this paper (I specifically ask attention to that) is 5,740,000 *l.*, that is to say, you may say that the net deficit for those 10 years is about equal to the sum that has been expended on the extraordinary works; that is so.

6452. So that if none of the extraordinary works had been made and paid for as part of the budget estimate from year to year the accounts for public works would about balance; taking the income and expenditure if the works called extraordinary had been excluded from this account they would have about balanced?—Yes.

6453. You think that that gives an erroneous view of the financial administration?—I do.

6454. Will you explain that?—I will tell you what my reason is for saying that. First of all, it will be observed that the surplus which is set off against the deficit occurs in two years practically;

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cally; it occurs in the year 1862-63, and it occurs in the year 1865-66. In the year 1862-1863, there was a very unusual receipt from opium; the opium receipt was fully 1,200,000 *l.*, abnormally large.

6455. That abnormal increase is apparent from the revenues of 1861-62 being 43,800,000 *l.*?—I have the figures here. In 1862-63 the opium revenue was 8,055,000 *l.*; in 1861-62, it was 6,360,000 *l.*, and in 1863-64, it was 6,830,000 *l.* Therefore, I say that to the extent of 1,200,000 *l.*, or say 1,000,000 *l.*, the surplus of 1862-63 was the result of that extraordinary increase in opium. In 1865-66 there are two things that have to be looked at; first of all in the revenues, it is noted in these accounts that 1,028,000 *l.* is nominal; 1,028,000 *l.* is a mere paper adjustment, it does not represent income at all.

6456. Do you recollect at this moment what that was?—In the published accounts it is stated to be an adjustment of old accounts of various descriptions; 1,943,304 *l.* of nominal receipts on account of "Transfer debits and credits of the several loans arising from the adjustment of long standing differences between the balances of the several books of the Government of India and those upon the register of the several loans against which there is a debit of 915,000 *l.* under miscellaneous charges." It does not represent a real asset at all, not income of the year as a fact.

6457. Mr. *Eastwick.*] That is to say, that the Government took over certain sums belonging to the service funds?—No, it is merely an adjustment of the account. They discovered that there had been a blunder of a million, we will say; that that had been short credited, in fact, in former years; and in order to put the thing right, it was necessary to credit it in the particular year in which it was discovered. Again in that year, 1865-66, it so happened that there was another extraordinary receipt of opium of a million. Then, further, by another curious blunder, the charges in that year, 46,169,000 *l.*, were reduced by a million, on account of a mistake that had been made at Bombay, in crediting the railway receipts. From some curious blunder the railway companies were allowed to pay their receipts for several years, I think it was for two or three years at least, into the banks at Bombay, and they were left in the banks, and the Government did not get possession of the receipts; that was found out somehow or another in 1865-66, and then those receipts were paid into the Treasury, and they appeared as a set-off against the guaranteed interest; and the guaranteed interest in that year is consequently a nominal sum. That million sterling which appears as railway income in 1865-66, ought, in reality, to have been spread over the year or two preceding, and I am not quite sure whether something of the same blunder does not come into the account for 1866-67; but the accounts do not enable one to say that. For these reasons, I say that the general result is that for 1865-66, in reality, the whole of that surplus, I mean as regards the actual revenues in charge of the year, is eliminated; there is no surplus.

6458. *Chairman.*] Then the effect of getting rid of it will be that the whole deficit will be restored to the total sum of 10,990,000 *l.*?—It comes to that. Further, I would ask attention to something more, and that is that in the year 1866-67, in 11 months, there is a deficit of two and a half millions; in 1867-68 a deficit of a million and a half (and, as far as I know, nothing very unusual occurred, either in the nature of short revenue or a sudden increase of charge); in 1868-69 a deficit of 4,000,000 *l.*; in 1869-70 a deficit of 2,480,000 *l.*; and then it was that Lord Mayo woke up the Government of India to the uncomfortable condition of things that had been going on, and which was apparently, as far as one could see, becoming chronic; and then he summarily put a stop to the expenditure, and he increased the revenues; and the consequence of that is, that in the following year, 1870-71, we arrive at a surplus; moreover, in 1869-70, if very active measures had not been taken, the deficit would have been much worse. And therefore I say that the general conclusion that I arrive at, from looking at these figures, is not at all that the fact of five millions sterling have been spent on extraordinary works during the last four years, is in any sense a justification of these large deficits. Then, as regards the particular figures that are shown in this Paper No. 14, I think that in other ways they suggest erroneous ideas. They show for each year the sums expended on construction of roads, bridges, and canals, including repairs which cannot be separated, and these being added together the return goes on and says, "Net surplus in 10 years, if expenditure on construction of roads, bridges, canals, tanks, embankments, &c., and of public works extraordinary be excluded from the charge." Now, what I ask is the sense of this: Why should they be excluded from the general charge against the revenues: What reason is there for saying that works of that description are less necessary for a civilized Government, than any of the other items on which the expenditure has taken place which is included in the gross amount of expenditure in each year?

6459. If all these charges for public works were eliminated, it appears that there would be a surplus for the 10 years of 10,776,000 *l.*?—Quite so; but supposing that we eliminated the charge for the administration of justice, supposing that we eliminated the charge for the police, supposing that we eliminated the charge for the Post Office and for the Mint, what would be the result? And who shall tell me that the provision of improved means of administering justice or of improved police, or of improved facilities for the Post Office, or anything of that sort, are a bit more necessary in a country like India than a tolerable allowance of roads, and a tolerable allowance of means of irrigation, and the maintenance of the works of irrigation? The fact of the matter is, that it is impossible, if a Government expend more than its income, to say that the deficit, whatever it may be, arises from any particular item of its expenditure; that, I say, is the general conclusion that I have arrived at. But I go still further than that. For I find that in the expenditure, which is put down here as expenditure on roads, bridges, canals, tanks, and so forth, that is to say, on what are called here "works tending to promote the interests of the country," have been left out the whole of the guaranteed interest for the railways; and in what respect does the million, or million and a quarter, or million and a half that is paid to maintain and create the railways of India, differ from the money that is paid for the making or maintenance of roads? I cannot see, I am sure. Therefore I say that if you are to subtract this 10,000,000 *l.* shown in the Return, you

you ought to subtract another 10,000,000 *l.*, and therefore in reality the whole thing reduces itself to an absurdity.

6460. Is not the purpose of this account to show that, as comparing the administration during the last 10 years with the administration of the Government in former periods when there was no deficit, in those former periods there was no such expenditure incurred in these works?—Will you show that in the 10 preceding years there was no deficit?

6461. I do not mean in the 10 years immediately preceding, because there was a heavy deficit then, but in preceding years, any former period?—If what is intended is to show that of late years the Government has spent more upon public works of a useful character than they spent in preceding years, that is perfectly true, and I do not deny that for an instant; but the way to prove it is to show the absolute sums paid for public works in a series of years. I repeat, then, emphatically, that an account put in this form tends to reproduce an idea which I say is not only erroneous but distinctly mischievous, that the difficulties in the finances of India have arisen from the expenditure on public works, which I distinctly deny. The difficulties have been from the general increase of charge in all the departments, and in the civil department in particular; and I say that the way to arrive at a conclusion on these points is actually to show, year by year, for a series of years, what is the actual amount which has been spent under each of the principal heads of charge, and to see whether, at the end of each of your yearly periods you have increased or not. If you compare 1870–71 with 1860–61, you will find that the public works expenditure has not increased, but is a little less, but that the civil expenditure is the expenditure that has increased, and I have the figures here, which will prove this in the most distinct and unmistakable way.

6462. Does it not show that the expenditure on roads, canals, and bridges has steadily increased from 1861–62 to 1870–71?—I think not. Take the figures as they stand in the small table, the figures for the last four years.

6463. If you begin in 1861–62, was not the expenditure on roads, bridges, canals, and works of a similar nature, 1,000,000 *l.*, and in the next year 1,000,000 *l.*, and then it began to rise in the third year to 1,600,000 *l.*, the fourth year 1,300,000 *l.*, and in the fifth year it came back to 1,100,000 *l.*, and then rose to 1,200,000 *l.*, and then to 1,600,000 *l.*, and then to 2,490,000 *l.*, and then to 3,430,000 *l.*?—But you are including extraordinary works; that has nothing to do with the revenues of the year.

6464 I am speaking of it as affecting what is called the surplus or deficit on the whole budget estimate; that has a material bearing upon the surplus or deficit of the whole budget estimate for the year?—But for the purposes to which I have been referring, the relation between the charges and revenues of the year, if you will allow me, it has not; the extraordinary expenditure is expenditure which the Government has deliberately undertaken in excess of the revenues; it does not come into the question of the annual receipt and charge.

6465. Mr. *Eastwick.*] What is raised by loan, you mean?—Yes, and done deliberately.

6466. *Chairman.*] That has nevertheless enabled the Government to diminish, if it pleased, to that extent, the expenditure that would otherwise have been classified as ordinary?—No, certainly not; that is quite a mistake, it is for totally different objects.

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6467. If there had been no such heading as Extraordinary Public Works Expenditure opened, would it not follow that the whole of the expenditure, whatever it was, would have been classified under the head of new works?—The expenditure which is classed here under the head of Public Works Extraordinary, if it had not come there, would not have occurred. I say that in the nature of the case the Government deliberately says in respect to the irrigation works, for example, "We will deliberately undertake a large series of irrigation works, deliberately borrowing the money for the purpose."

6468. Mr. *Fawcett.*] Not the whole of it; that seems to me to be the way in which the whole confusion has arisen. You admitted distinctly in your evidence just now, that extraordinary works are carried out, partly out of borrowed money and partly out of ordinary revenue. If they were carried out entirely by borrowed money, what you say now would be true; but you must remember that you told us that a public work would be classed as an extraordinary public work, even if only 50 *l.* was borrowed for it?—Yes.

6469. That is the way in which the confusion has arisen?—You may consider that it is confusion; but I see none, and the whole question is simply this: Out of the whole amount of expenditure on the extraordinary class of works, how much is supplied from the extraordinary fund and how much from the ordinary? And I affirm that if you will look at the details of the expenditure on the large class of works to which I refer, you will find that the amount which is supplied from the ordinary revenues of the year is extremely small; and, therefore, what I have said regarding this class of expenditure is, in my judgment, perfectly substantiated and supported.

6470. Mr. *Eastwick.*] Could you tell us what that is, because it all lies in that; what is the expenditure from the revenue?—I take the estimate for 1872–73, and we find under the head of Agricultural, which includes, with irrigation works, drainage and embankments, that the total expenditure under Ordinary, which is charged against the revenue, is 770,000 *l.* Now out of that 290,000 *l.* is for repairs, and 266,000 *l.* is for the establishments; that is to say, the officers who look after the working of the canals, and the maintenance; or in all 570,000 *l.* out of 770,000 *l.*; which leaves 200,000 *l.* to represent the expenditure on all new works under Agricultural from the revenues of 1872-73 at the outside. What are these new works? They include not only irrigation works, such as we are carrying out now with borrowed money, but a number of small works of irrigation in various parts of India, which cannot be made to comply with the conditions under which alone can loan funds be supplied for them, such as tanks in the southern part of India, also embankment works in Bengal and Burmah, and other small works which come under the head Agricultural, and amount on the whole to that sum of 200,000 *l.* Now what is the amount to be applied under the head of Extraordinary? £. 1,200,000.

6471. *Chairman.*] Still before the system of opening the heading of Works Extraordinary was adopted you had the heading of New Works?—Yes.

6472. Everything

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6472. Everything that was done that was new was necessarily done under that head?—Yes.

6473. Therefore you either enlarged that head of New Works to meet the works that you thought necessary, or you did not undertake the works because there was no income out of which to pay for them; was not that the former state of things?—Yes.

6474. And therefore under the former state of things, keeping your new works within the limits of the available income for the year, there was no excess of expenditure over income; I am now going to the time anterior to the mutiny, when the accounts balanced one another?—If they did.

6475. I think they did then; it was the system then that the new works were kept within the limits of the income for the year?—Yes; I will not say up to the time of the mutiny, up to 1868–69; that was the intention at all events.

6476. But after that it was unnecessary to consider any new work with reference to the income of the year, because you opened an elastic and expansive heading of Works Extraordinary, which could be paid for by loan, and therefore the former consideration affecting new works came to an end?—That is exactly what I have said.

6477. It leads now to an expenditure without reference to income?—Necessarily: that is the avowed policy of the Government.

6478 But at the same time there seems to be no system by which new works are to be carried on from the revenues of the year as compared with the extraordinary fund from year to year; it now seems to resolve itself into this, that you stop wherever you please in supplying funds from the revenues for "New Works," and then you proceed to charge the rest of the expenditure to the Works Extraordinary; that is the result of the present system, is it not that. In former times you were compelled, in order to keep the expenditure within the income, to stop the charge for new works according to the state of the income; now you are not compelled to stop the new works at any particular figure?—Subject to the limitations that have been referred to before, as to the character of the work.

6479. Mr. *Fawcett.*] That is the point that I want to get at; the position of the thing seems to be this, that you, the Public Works Department, have the power at the present time not only to spend any surplus income that may happen to arise, but you also have the power to borrow money to any extent that you like; and that power of your borrowing has never up to the present moment been checked by the Finance Department; does not that represent the state of things?—No, I think not.

6480. What is the condition of the case, then? You say, "subject to limitations;" I have listened to you for two days, and I cannot discover the limitations?—First of all, I must say that the Public Works Department has no power to spend surplus revenue; what the Public Works Department does is to apply a portion of the income which is assigned to it by the Financial Department, which seems to me a very different thing.

6481. But you must remember that just now you said that you make demands for borrowed money, and hitherto the Financial Department has never placed any check or limitation upon the demands for borrowed money which you, the Public Works Department, made?—When I said that the Financial Department has not put any limits upon our demands, it simply means that the Government does not consider at the present time that the sum that is being spent on this class of works is in excess of that which ought to be spent.

6482. I am not asking you the reason; as a matter of fact, you, the Public Works Department, can make demands for borrowed money to carry out public works; and as a matter of fact, whatever the reason may be, no check whatever or limitation has, up to the present moment, been placed on those demands, is that the fact without entering into reasons?—Questions are very often so put that if the answer, yes or no, is given, that answer may seem to mean something very different from the truth, and therefore I say that that is not a question that can be properly answered with yes or no; but if you insist upon my saying, which between yes and no is the nearest approximation to the truth, I suppose I must say yes.

6483. Of course you can enter into the reasons afterwards; I venture to submit whether that is not a question involving a matter of fact, which is a proper one to be answered?—I should say that it is the fact, in the sense that it would be the fact supposing that the demand that had been made upon the Financial Department had never exceeded one rupee in any one year.

6484. *Chairman.*] You mean that there has been no occasion for imposing a limit upon you, because your demand has been a reasonable one?—Quite so; that the demands have been within the sum, as I said before, which the Government of India think may with propriety be applied to those objects. It is not a question of Financial Department or Public Works Department.

6485. There has been no occasion to test the question of limits, because your demands have not been such as to give occasion for that; that is the real answer, I take it?—That is what I stated before.

6486. Sir *C. Wingfield.*] The Government of India can spend what it pleases on extraordinary public works, and it considers that this expenditure has been reasonable, I suppose?—Yes, I suppose so; that is to say, subject to the general control of the Secretary of State.

6487. *Chairman.*] Have you had occasion to refer to the expenditure on the various items of roads, bridges, canals, tanks, and embankments in former years; that is, before the Government of the East India Company came to an end, as compared with the period since?—I have got no figures at all that I could put forward on that, but there is no question, speaking generally, that there has been a very great increase in the development of all useful public works since 1856–57.

6488. Sir *C. Wingfield.*] With regard to the Mutlah Railway, the working expenses exceeded the receipts, and I understood from you that the Government paid the excess; the excess of working expenses over receipts was paid by the Government?—Yes.

6489. And did the Government also pay 5 per cent. on the subscribed capital?—Yes.

6490. But the Government were not bound to do both, to pay 5 per cent. on the subscribed capital, and also the excess of working expenses over receipts; that excess ought to have come out of the amount guaranteed on the subscribed capital, ought it not?—The Secretary of State might have required that, but he did not.

6491. I thought

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6491. I thought it was always understood by a guaranteed company that if it worked at a loss, that loss would have to come out of the 5 per cent., and therefore it would not get so much interest for its money?—Under the contract the company is bound to carry on the maintenance and the working of the line of railway from the net income, and the interest allowed under the guarantee; "and from the opening of the said line of railway, the cost of maintaining it, with its machinery and stock, in good working condition, shall be payable by the railway company out of the revenue of the said railway, including any interest to be received from the East India Company" (or Secretary of State). Those are the words in the contract, and it is not disputed, and it never has been disputed, that if the Secretary of State chooses to insist upon the guaranteed interest being applied to meet any surplus charge, he has the right to do so. In the particular case of the Mutlah Railway, for reasons which I have no doubt he supposed were sufficient, he allowed the money to be paid out of the Government revenues.

6492. That was extraordinarily indulgent, was it not; the Government not only had to pay the whole 5 per cent., but besides that, the excess of working expenses?—It may be called extraordinary indulgence, but I presume that the authorities who allowed it considered what would be the result of acting otherwise; and that result necessarily was that which has followed, that the company refused to carry on the working. The Government doubted, I suppose, whether it was expedient to shut up the company; and for several years they did not.

6493. Do you consider, with regard to this case of the Mutlah Railway, and the great expense at which this comparatively easy line was made, that it was an exceptional instance, or did the same absence of economical control characterise the construction of most of the other lines?—There was a great deal of what I should call odd expenditure on many of the lines; some of them were more economically constructed, and some of them less.

6494. But were not the estimates submitted first of all to the Government engineer?—There were individual estimates for works, but they were utterly unreliable, and did not limit the actual outlay.

6495. When you consider how near this Mutlah line was to Calcutta, and that the Government engineer might have known every inch of it, is it not extraordinary that when the estimate was submitted to him it did not at once strike him that there were no engineering difficulties in this line, no rivers to cross, and no embankments to make?—The construction of that line began in 1858, that is 13 or 14 years ago; and I cannot remember, if ever I saw them, what sort of things the estimates for the Mutlah line were; but I have not the least doubt that they were extremely general, and that sanction having been given to the expenditure of money on the line, the expenditure took place perfectly irrespective of the estimate.

6496. Still, it is very remarkable that this gross instance of waste of money should have occurred on a small line leading from the capital of India right under the eyes of the Government?—That is quite true.

6497. You said just now that you thought that the portion of the line that has already been made from Kotri to Kurrachee was not likely to be a better bit of line than the projected one, from Moultan to Hyderabad; that you did not think it was likely to be a more paying portion of the line?—I said something of that sort.

6498. That you thought that the missing bit from Moultan to Kotri was likely to be the best paying portion of it?—When you talk of a railway paying you have to take two sides of the account, the income and the charge.

6499. Perhaps it would be more correct to say that the portion remaining to be made would carry more traffic?—There are three things that you have to consider. First of all comes the first cost. The first cost of that line between Kotri and Kurrachee has been excessive; it is one of the extravagant lines. The consequence of that is, that there is an extremely heavy charge for interest. Then the line goes through a desert, and there is nothing in the shape of local traffic; also there is extreme difficulty in the way of supplying water for the engines; and the result of the difficulty in getting good water is that there is a tremendous destruction of the locomotives, and that the locomotive charges are extremely high; on the whole, the working charges are extremely high.

6500. My reason in putting the question was this: it has been given in evidence before another Committee, by Sir Donald M'Leod and other people, that there is already a large traffic in hides and grain down the Indus to Kotri, and all of that passes over the line to Kurrachee; therefore I should have supposed that no other portion of the line was likely to carry more traffic than the one between Kotri and Kurrachee; if, therefore, that yields such a very insignificant return, this other bit that is to be made is not likely to be more remunerative?—That is quite true, up to a certain point; but the fact is that the earnings on the Scinde Railway, as it is called, are extremely good, but the outgoings are extremely heavy. If we could get such earnings as those on one of our narrow gauge cheap lines, we should probably pay 10 per cent. on the capital.

6501. Have you travelled on the line from Kotri to Kurrachee?—Yes.

6502. There is no heavy engineering work in it, is there?—No; one or two disagreeable bridges; nothing very extraordinary.

6503. And it cost, I think, 20,000 *l.* a mile?—Well, it is one of the expensive lines; it cost thereabouts, I think. It was made by a contractor, and the company quarrelled with the contractor, and there has been a charming little lawsuit going on, and I do not think that it is finished yet; they paid 20,000 *l.* or 30,000 *l.* for the arbitration, I believe, and I am not certain whether the dispute has yet got settled; however, there is a great scandal about it.

6504. I daresay that you have seen by the last financial statement that the traffic receipts on Indian railways are not altogether satisfactory, that they show rather a falling off instead of an increase; have you ever heard the falling off of the receipts ascribed to the brutal treatment of the natives by the European employés on the line?—Well, one hears a good many funny stories; but I am satisfied that that is not the reason of it, because it is not in the passenger traffic, but in the goods, that the falling off has occurred. The passenger traffic goes on increasing reasonably.

6505. With regard to the goods traffic, has it not

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not been said that when there is much demand for the carriage of goods the officials must be feed before they will give the wagons?—I think that that sort of thing has occurred; but I should think that it is extremely improbable that it is in any way a general rule, or the cause of what has happened; and it seems to me just one of those explanations of the falling off of traffic that people are apt to give when they cannot suggest anything better. But I have very little doubt myself as to what the real cause of the falling off is. I am talking now of the East Indian line.

6506. It is most marked on that?—Yes; it arose in my judgment from an unwise alteration of the tariff at a particular time; and when I say at a particular time, I mean when there was a tendency at the same moment to a stagnation of trade; and the combination of the alteration of the tariff with the natural disposition to dull trade produced a much more serious effect than otherwise probably would have occurred.

6507. That alteration of course was in the way of raising the tariff?—Partly in the way of raising the tariff; it was also in the way of reckoning the charge. Before the Chord line was opened the railway company were in the habit of charging a low rate for full trucks of grain carried over a certain distance (I forget exactly what it was), or for a certain minimum number of trucks passing over a certain minimum distance; but at the same time that the Chord line was opened an alteration was made by which, instead of the fixed tariff at a low special rate, a deduction on a higher general rate was allowed, virtually giving a discount for the special traffic. Now it is not very apparent why if a sufficient discount is allowed the same results should not be arrived at as from a lower charge; but it did not practically work out so in the case in point. And on the whole the net result of the changes made was that the tariff was not so profitable as it was before, and not so convenient to the persons affected.

6508. And it deterred people from sending their goods by the railway?—Yes, I think that there is no doubt at all about that; but also, I should repeat, that it occurred at that particular time. The year or two before this change took place there had been, as everybody knows, considerable scarcity in Upper India; there had been a great movement of grain into the North Western Provinces and about the North Western Provinces; there was a general great movement of grain; and as years of improved produce followed, the result was that there was a tendency for the grain to accumulate and not to move about, and there was a general check to the movement of produce in consequence; at the same time also there was a general slackness of trade in Calcutta arising from other causes; so that there was a check upon the exports from Calcutta as well as a check upon internal trade, and, at the same time, this disturbance of the tariff, which rather made the merchants turn from the railway and try and get some more advantageous mode of transport; by boat, for instance.

6509. Mr. *Fawcett*.] With regard to your evidence in reference to the Mutlah Railway, I think that two conclusions may be drawn, that in your opinion two parties are equally to blame with reference to that unfortunate transaction. In the first place, there is the Secretary of State who sanctioned the line against the expressed opinion of the Governor General in Council; and after the sanction had been given, there is a second party to be blamed, namely, the Government of India at Calcutta for taking no pains whatever to check waste of money in carrying out the line; is not that the case?—Well, I should not put it exactly in that way, either as regards the first part of your conclusion or the second.

6510. What is the conclusion, then?—The conclusion that I arrive at is, that the Secretary of State who sanctioned the guarantee of that line certainly made a mistake.

6511. That is to say, was to blame?—If a man is to blame for making a mistake; not otherwise.

6512. Then if I had substituted in my question this, that two parties had made a mistake instead of saying that they were to blame, would that have been right?—On the first part of the question, I think no doubt it was a mistake on the part of the Secretary of State at the time, to give the guarantee at that particular time; indeed, there cannot be a question about it, because we now have the facts to examine the result by; but as regards the other, the Government in India and its officers acted as regards that particular railway in the way in which they acted as regards all the other guaranteed railways; and I do not know that the results on the Mutlah railway were very greatly different from what they were on the others.

6513. Then it is simply a question of where to extend the blame. I was going to confine it to a great extent to the Multah railway, so far as blaming the officials of India for not exercising control goes; you evidently wish me to extend it to every railway made in India under the guarantee system?—You may, if you please, take my answer in that light.

6514. Who are the particular people in India responsible for this negligence; is it the Public Works Department?—Well, I am not prepared to say that there was any particular negligence.

6515. But you say that there was general negligence; no efficient control?—The organization under which certain officers of the Government were expected to control, and to prevent useless expenditure on the railways was incapable of producing the result; that is all that I can say about it.

6516. Then if an organization is incapable of producing a result which is intended, some one is responsible for that defect of organization. In your opinion, who is responsible?—I suppose every one connected with the Government.

6517. Then it comes to this, that the charge of negligence has to be spread over every one connected with the Government?—There was a great deal of complaint made on the part of the actual officers who had to carry out this guaranteed system, that they were incapable of producing any useful result.

6518. That is the point which I want to get at. If the officers who were directly concerned in watching the expenditure pointed out the waste that was going on, why was not there some attention paid to their remonstrances, and who neglected paying attention to their remonstrances?—I think generally that everybody neglected to pay any attention to their remonstrances.

6519. This general neglect with regard to seeing that the money of the Government was properly spent, which you have admitted, applies to to all the railways which have been carried out; applies with even still greater force to many other public works which have been carried out in India, such as barracks, does it not?—I think not with greater force.

6520. Is it not the fact that some of the barracks were constructed so badly, that no sooner were they completed than it was decided that they were not safe to inhabit?—That has occurred in some cases.

6521. Who was responsible for that?—I suppose the engineer in charge of them.

6522. He was connected with the Public Works Department?—Yes.

6523. Therefore this neglect of duty was connected again with the Public Works Department?—Yes.

6524. Did not Lord Strathnairn, between 1862 and 1865, then Sir Hugh Rose, write a series of minutes to the Government of India, in which he pointed out in the most forcible language, that the system that was going on in the Public Works Department was wanting in all security of giving anything like an effective control, and would certainly lead to the most disastrous results. Is it not the fact that such minutes were received and no attention paid to them?—I have no recollection of such minutes.

6525. Was not the neglect of exercising any efficient control also commented upon in the strongest possible language in a minute by Lord Mayo?—In a particular instance; yes.

6526. And have the defects that he pointed out been remedied?—I do not know exactly how to answer a question of that sort. The defects in human nature never will be remedied, I believe.

6527. This is a great deal more than defects in human nature; he used language to show that they were probably some of the gravest defects in administration ever brought to light; what security has the House of Commons or the English public that there will not in future occur the same waste of public money, upon which Lord Mayo commented in the severe language to which I refer?—If you insist upon my giving an answer to that question, I should say, first of all, that I was not in India when those particular occurrences took place, and therefore I am not thoroughly conversant with the facts; but the impression that is left upon my mind is, that Lord Mayo's expression of opinion regarding that particular instance of buildings at Allahabad (I think that it was) was stronger than the occasion required or justified; that is my personal opinion.

6528. Was not this the fact, that no sooner were the barracks completed, than it was pointed out that the defects in the construction were so great, that they were not safe to inhabit?—That is perfectly true as regards certain barracks.

6529. If that is the case, if buildings are erected by public money at a very great cost, and no sooner are they erected, than it is found that they cannot be used for one single day, because they are likely to tumble down; do you think that any language that can be employed, can be too severe to condemn the proceeding?—You may condemn the proceeding in the abstract if you please; but that is not the point that I was referring to. I did not say that I did not agree with any part of Lord Mayo's minute; but I said that in some respects his opinions were stronger than those I hold myself. And further, I would add that I am at a loss to know that there is anything that is done by human beings in which blunders do not occur. I am not going for a moment to say that the administration of the Public Works Department is perfect; I do not say that every man employed in the Public Works Department in India has perfect wisdom, or is perfectly efficient. I never said so or thought so.

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6530. But you have admitted two very great evils in India which have thrown a very great additional burden on the finances of that country, namely, that a great deal more money was spent on the railways than was necessary, owing to the want of an effective control over the expenditure, and that buildings were erected which simply represented a complete waste of public money, because they were of no use That was under a certain system; I want you to say whether any changes have been introduced in the Public Works Department that will give any increased guarantees that such occurrences will not again happen?—As regards the question of the expenditure on the railways, I really think that all that it is necessary to say on the subject has been said over and over again. But I could tell you what my own personal opinion is there again; that the persons who originally thought that the extension of railways in India was desirable, had to consider what appeared to them at the time to be likely to be the best way of effecting that object, and that they considered that this system of guaranteed railways would probably produce such a result as would be satisfactory.

6531. I am not going into the question of guarantees now; but what I understand to be the position of the case is this, that certain railways have been carried out in India by the guarantee system, or whatever system it is (that is not of much consequence), that the Public Works Department had the power to exercise a control over the expenditure, and the way in which they exercised that control, you say, is such, that a great deal of money has been wasted; you are now going to expend vast sums of money in carrying out railways not by the guarantee system, but as a matter of State expenditure; I want you to give us some idea as to the additional security which you think the Public Works Department will exercise, so as to prevent in the future the waste which has occurred in the past?—That puts the question entirely in a different way; that, of course, opens out a very large subject; but I will endeavour to answer the question as well as I can. I should say, first of all, that when you referred to the Public Works Department as being responsible for the waste of money (if we please, for shortness, to call it that), which has occurred in a good deal of the expenditure upon large public works in India, you seem to me to suggest the idea of an organisation which in reality has no existence. There is no such thing as a concrete Public Works Department that has any sensible power in controlling expenditure. The Public Works Department is a body of men who have been employed under the Government in carrying out the instructions of the Government in reference to the prosecution of certain works. The Public Works Department does not suggest expenditure; it does not create expenditure.

6532. Not suggest expenditure?—No.

6533. But that is contradictory to your former evidence; I thought you said that they suggested

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all the expenditure on public works extraordinary; you stated so just now, did you not?—The Public Works Department does not suggest it. The Public Works Department is the agency by which the wants of Government are carried out. The Government of the country say that it is necessary to give houses for soldiers (I will take that as an instance), that it is necessary to give the soldiers barracks. It is the business of the Public Works Department to ascertain from the military authorities what they require for the housing of the soldiers, and having ascertained that it is the business of the Public Works Department to provide those buildings and houses, or whatever they may be; but the Public Works Department does not suggest that barracks at the cost of 10,000,000 *l.* should be built.

6534. That may be true, but certainly you distinctly told us just now that, with regard to your public works extraordinary, the Public Works Department did make a demand for the amount of money which they thought necessary?—Yes, the Public Works Department makes demands on the Financial Department. There is no doubt that demands are made through the Public Works Department for the money that is requisite for carrying out certain works; but these works are carried out in order to prosecute the policy of the Government.

6535. But then just now you said that the Public Works Department had not a concrete existence. Therefore, bad as I thought the finances of India before, I really do not now know what position we are in. Is it an abstraction that can get public money?—I meant that they had not a concrete existence in the sense of controlling the public works expenditure.

6536. Then who does control it?—The Government as a whole controls it. That is what I am prepared to come to. I say that according to my mind the great defect (and it is according to my mind also a most serious defect) in the administration of the public works in India is, that there is no person specifically responsible to the public and to the Government for the operations of that department.

6537. Now we get it clear; this enormous expenditure is going on; it has gone on; it is going on this year to the extent of something like 4,000,000 *l.*; you have recommended an expenditure of 70,000,000 *l.*, in future for public works, 40,000,000 *l.* on canals and 30,000,000 *l.* on railways; and yet you admit that there is no one in the slightest degree responsible for the manner in which that expenditure is carried out, no one on whom a committee for instance could fasten the responsibility?—I entirely admit that as regards the general control of those great financial operations there is no person who has that responsibility put upon him which should be. That I have said for many years past, and that continues to be my opinion.

6538. Do not you think that as a matter of prudence, before another shilling is spent the system should be entirely changed, and we ought to make some one responsible?—That such a change in the system should be made as will give the best possible control over the expenditure, I have no doubt should take place; and I also say without any hesitation that I do not think you will get a satisfactory control unless you have specific personal responsibility.

6539. You have felt the evils that arise from this want of control for years?—I have.

6540. No doubt you have often remarked upon it?—Yes, I have.

6541. It has struck other people in the same way as yourself; the late Lord Mayo, for instance?—I believe there is no objection to my saying under existing circumstances that he had arrived at pretty much the same conclusion as I have, and that he was prepared at the proper time to take some steps in that direction.

6542. There having been such an obvious defect in the system by which a great expenditure of money should go on year after year without the necessary control, how is it that nothing has been done to create this necessary control; where has been the force of resistance which has prevented that being done?—It is very difficult to answer that question; I think all that I can say specifically without perhaps going beyond the borders of propriety is this, that there is always very great difficulty in getting any change made in any system of administration, and the more important the proposed change the greater is the difficulty in getting it listened to.

6543. I suppose that representations have been made as to this want of control to the Home Government?—I would not say that up to the present time representations have ever been made on the subject. I have never concealed my own personal opinions. If anybody chooses to hear what I have got to say, I tell them; and I have told the present Secretary of State, and I believe I have told other Secretaries of State before, and I have told various Governors General what my views of the subject are; but no extensive change has taken place up to the present time.

6544. What are your views on the question?—I think that, under the sort of circumstances in which the Government of India is now placed, there is no question at all that there ought to be a special member of the Council of the Governor General who should be responsible for the administration of public works, and who should be responsible for the financial propriety of all the great measures which are being carried out under the Government of India. The whole tendency, as I think I mentioned before, of the system of administration of the Government of India has been to separate more and more the business of the different departments, and more and more to put specific responsibility upon some principal officer in connection with each department; and I am satisfied myself that it is the only way in which you can get your work satisfactorily done.

6545. Bearing in mind what you said about the want of control at the present time, I just want you to give the Committee an idea of the obligations prospectively which the Indian Government is going to incur with regard to public works; how much is going to be spent this year?—It will be in this Budget statement.

6546. I think I shall show that that does not show it quite correctly; will you give the gross amount?—£. 6,887,000.

6547. *Chairman.*] Does that include the guaranteed railway expenditure?—That includes the net interest; 8,900,000 *l.* is the actual money, so to speak, that is controlled; but the transactions that really are guided by the Public Works Department are vastly greater than those. Public Works Ordinary, 2,332,000 *l.*; Extraordinary, 2,615,000 *l.*; railway charges from the revenues, 1,940,000 *l.*

6548. Here

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6548. Here is the grand total at the bottom, 4,847,000 *l.*; but I thought that that included the 2,332,000 *l.*?—Yes, it does. Besides that there is 1,800,000 *l.* guaranteed interest.

6549. Mr. *Fawcett.*] The Public Works Department, in the absence of this requisite control, have, as you acknowledge, advised the Government, have they not, during the next few years, to spend 70,000,000 *l.*?—I should not say during the next few years.

6550. That they should embark on work to that extent, they have actually recommended that?—I think that 70,000,000 *l.* is going a little over the mark.

6551. I will take official figures; you, the Public Works Department, have recommended a prospective expenditure of 40,000,000 *l.* on canals, and 30,000,000 *l.* on railways?—Suggested the figures which you refer to; rather, suggested the amount of expenditure that might take place according to the suggestion of the person whoever it was, who wrote that document, but not at all that the Government is in the least committed to it.

6552. You referred just now in your evidence, in speaking of the Mutlah Railway, to the pressure that was put upon the Secretary of State at home; would you kindly describe to me in what, according to your mind, that pressure consists of, and the exact way in which it is applied?—When I make use of the word "pressure," I mean simply the application of gentlemen who go to the Secretary of State and say, "We think this is a most excellent thing to do." I think there may have been a great deal to be said in favour of their views.

6553. You did not imply political pressure?—Not in the least.

6554. Could you give me a list of the directors of this Mutlah Railway?—No, I could not.

6555. Could you bring it next time?—I do not know that I have better means of finding them out than other people; but I can find them out. Do not suppose for one instant that I suggested that a person like Lord Derby authorised anything but what he thought, under the circumstances, as they were present to his mind, to be proper; and so far as he is concerned, he had as good a right to form his opinion as I have to form mine. All I mean is (and this applies to other cases besides this), that I do think it is an extremely dangerous thing for an authority in the position of a Secretary of State to prescribe to the Government of India expenditure on any object, which they say is not a proper object on which to expend money. I do not go so far as to say that there are not cases in which the Secretary of State would be perfectly justified in insisting on that, but I say it should be done with great caution; and this case is an illustration of the danger of that.

6556. Then what you mean by pressure is rather the persuasion which results from cogent reasons?—Yes, if you choose to put it in that way.

6557. I want you to give an idea, as this large prospective expenditure has been suggested or recommended by the Public Works Department, as to what return is likely to be yielded, judging from the past return of money which has been similarly spent?—Well, as regards the irrigation works, my impression is, that if that sort of caution is exercised in spending the money which should be exercised, and which, so far as I know, has at all events in most cases been exercised in the application of this money that is borrowed, the returns will be altogether satisfactory.

6558. But I understood your evidence just now, that for one you considered that the future return of railways is so uncertain in India, that you absolutely refused to make an estimate as to their probable yield; therefore, so far as railway expenditure is concerned, you may say that it will be expenditure incurred altogether in the dark?—No, I think you misunderstood me; what I say is, that it is impossible in my judgment to make a specific estimate of the probable traffic on any line of railway, a specific estimate based either on the population or the quantity of goods likely to be carried, or anything of that sort; that the only possible way to make an estimate is to judge of the approximate income that is got from railways under similar circumstances in other parts of the country, and I think that experience shows that that is a fair guide.

6559. But then, as this expenditure has been suggested, and as a considerable amount is being each year now spent in railways in India directly by the State, I want you just to show us the kind of estimate that has been made with regard to any one railway, so that we may judge and form our individual opinion as to the soundness of the calculations?—The only answer I can give is to show the sort of way in which I would make such an estimate; I will take the Rajpootana system; it is put down in the telegram as 303 miles, and an estimated profit of 4 per cent. We inquire what is the probable outlay per mile on those railways, and we will say, approximately, that we expect to be able to complete them for 5,000 *l.* a mile. If we can carry out that railway for 5,000 *l.* a mile, and if we can borrow money at 4½ per cent., which I believe we can, then in order to earn 4½ per cent. net in order to pay the interest, the gross money taken on the railway must be approximately double of that. Therefore we ought to be able to take on the railway 9 per cent. on 5,000 *l.*, or 450 *l.* a year, or about 9 *l.* a week per mile. If we can take, on the average, 10 *l.* a week per mile, which is a very moderate amount (on the East Indian Railway at the present time they are taking nearly 40 *l.* a mile), then we shall pay more than 4½ per cent. on the capital, supposing that the capital is kept at 5,000 *l.* Then, I say further that, as far as my recollection goes, the lowest receipts (excluding the Mutlah, which is quite peculiar), on any Indian railway, that can be fairly compared with the one we are considering, are about 8 *l.* a mile; but 10 *l.* is very moderate.

6560. *Chairman.*] In this report before me, which is the report of Colonel Trevor, who is the consulting engineer for railways for the Bombay Government, I find this stated at paragraph 49: "Under the peculiar conditions of Rajpootana any estimate of the future earnings of a railway must be a matter of conjecture. But the impression left on my mind from an examination of the country, and comparison with the recorded results in other districts, is, that even if transit duties could be abolished, or placed on a satisfactory footing, a lac and a half of rupees, or say 80 lacs a year, would be a fair approximate estimate of the gross earnings on the 700 or so miles of line acquired for the proposed extension;" are you aware of that passage?—I must look at the report before I can say what estimate it refers to.

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6561. Mr. *Fawcett.*] You will have to borrow money at 4½ per cent. to construct this railway, and the return will only be 3 per cent.; therefore that will be a loss to the revenues of India, even supposing that the estimated cost of constructing the line was not exceeded?—The Chairman has read a passage out of a certain report; but you must let me first of all see that the figures correspond to what we are actually discussing. The report, as far as my recollection goes, refers to a broad gauge line, which we are not making.

6562. Perhaps you would rather look at them and give us some evidence next time on that subject?—If you please.

6563. Now, with regard to canals; I suppose you expect that the expenditure which you recommend on those will be remunerative, do you not?—Certainly.

6564. And you judge of that from your past expenditure?—Yes.

6565. Now, can you prove to me that the expenditure in the past has been remunerative. What has been the return, for instance, on the Ganges Canal?—I have got here the last returns that I could get possession of. This is the Ganges Canal. In 1867-68, the income was 2·48 per cent. (I should say this is what we call the direct revenue, but this has further to be explained). Then in 1868-69, the income was 7·39 per cent. on the capital; and in 1869-70 it was 4·09, which is the last year that we have got. Then on the Eastern Jumna Canal, in the district immediately contiguous to the Ganges Canal, in 1867-68, the profit was 18·97 per cent.; in 1868-69 it was 25·37, and in 1869-70 it was 27·33.

6566. I think I can easily prove to you that the conclusions drawn from these figures are altogether fallacious, because certain items of expenditure are omitted which ought to be included. I have taken very great trouble to look into the matter, and I have taken the figures from your own report, the last report that was published, that of 1869-70, lately published; I think I can prove to you that the returns will be very much less than they are represented; if you look at that paper and read it out to the Committee, you then can express your opinion whether there is any error in it (*handing the paper to the Witness*)?—"According to the official report on the irrigation works in the North Western Provinces for 1869-70, the entire capital expended on them up to the commencement of said year amounted to 2,700,705 *l.*, viz.: on the Ganges Canal, 2,343,572 *l.*; Eastern Jumna Canal, 191,352 *l.*; Doon Canals, 54,091 *l.*; numerous minor works, 111,690 *l.*; total, 2,700,705 *l.* The net earnings in 1869-70 amounted to 136,703 *l.*, being equal to 5·06 per cent. of the above-mentioned capital. Said capital, however, does not include the sums that have been paid year by year to meet the excess of charges (including interest) over revenue. These charges amounted to 917,800 *l.*, so that the total outlay was actually 3,618,505 *l.*, and the net profits of the year, calculated on this sum, amounted to only 3·8 per cent." This is the accumulated interest of surplus charges over revenue which have accrued up to date.

6567. Mr. *Eastwick.*] What sort of surplus charges, repairs?—Not exclusively; the excess of all descriptions of charge over income. If in any year the income had been 50,000 *l.*, and the charge, including interest, 60,000 *l.*, then you would have put 10,000 *l.* to the bad.

6568. The charges are for the staff who look after it, and the repairs?—Yes. "The Eastern Jumna Canal, which contributed 44,647 *l.* towards the net profits, was constructed antecedent to British rule."

6569. Mr. *Fawcett.*] That is correct, is it not?—No, quite the reverse.

6570. Part of it was, was it not?—No; it was a little ditch, and the result of its having been constructed, as you are pleased to say, before British rule, is that it has cost a great deal more than if we had constructed it entirely afresh, disregarding it entirely, because the old work has led us into all sorts of trouble. "The Eastern Jumna Canal, which contributed 44,647 *l.* towards the net profits, was constructed antecedent to British rule, and cost us, therefore, nothing but the expense of putting it in order represented in the above statement by 191,352 *l.* If this canal were excluded it would be found that the Ganges Canal and the other minor works earned in 1869-70, 92,056 *l.* on an entire outlay of 3,427,157 *l.*, or at the rate of nearly 2·7 per cent. According to said report the Doon canals earned net, 2·58 per cent. on the construction outlay, and all the other works, excepting the Ganges and Eastern Jumna Canals, are being worked at a loss; *i.e.*, that their earnings are yearly falling short of their working expenses. The Ganges Canal is the only work of any magnitude that has been constructed by the British Government in the North Western Provinces. It was commenced in 1842; was opened in 1856; and cost, according to the above statement, 2,343,572 *l.* up to the commencement of 1869-70, and 2,407,661 *l.* by the end of that year, as shown in said official report. When the work was commenced, its cost was estimated at 1,000,000 *l.* The net earnings, calculated on the construction outlay alone, are shown in the Report to have amounted in 1867-68 to 2·48 per cent., in 1868-69 to 7·29 per cent., in 1869-70 to 4·09 per cent.; average, 4·65 per cent.; but would amount to only 3·47 per cent., if calculated on the *entire outlay*, including excess of charges and interest, which may be estimated from the figures given above at 3,143,572 *l.*, assuming as 800,000 *l.* the proportion of excess charges and interest. The whole area irrigated during 1869-70, is 1,089,673 acres, or 352,245 acres less than 1868-69, which was considered an exceptional year"

6571. Now leaving out the disputed point about whether the Eastern Jumna Canal was or was not constructed before we took possession, are not my figures there, with regard to the Ganges Canal, all strictly correct; they are all taken from official reports?—Yes, the arithmetic is correct.

6572. Not only the arithmetic, but is not the principle correct?—No, I think it is quite wrong.

6573. In what way?—Because I think that it is not right to add the charges that accrue from year to year to the capital.

6574. If you want to estimate the financial result of a certain policy, and you expend a million of money, 100,000 *l.* for 10 years, and you are paying interest the whole of the time, do you think it is correct to leave out of calculation all the interest?—I do.

6575. On what ground?—On this ground, that

that when a Government borrows money for carrying out works of this sort, what it does is to say, the revenues of the country are not sufficient to enable us to do that which we consider is essential for carrying out the works which the country requires. We have a certain revenue which is applicable, so far as it goes, to the charges which arise on the administration of India. Of course, amongst these charges will be the charge for interest on any debt that has been incurred for carrying out works of this description. Those come into the charges for the year; but under a proper system those charges are met year by year by the revenues of the year, and inasmuch as they are so met and finally disposed of, they cease to be of account as creating a permanent burden on the revenues.

6576. The point we want to get at is what burden these public works entail upon the people of India. These revenues you speak of do not come from the clouds, but from onerous taxation contributed by the people of India, and so far as they are concerned it makes no difference whether they contribute it in the form of taxation devoted to ordinary revenue, or to pay the interest on loans, the financial result is precisely the same, is it not?—Certainly it is.

6577. I want to estimate what will be the financial burdens of the people of India in future years, if irrigation works and canals are to be carried out, and they are to yield in the future no better result than has been yielded in the past by the Ganges Canal; and I submit to you that I am perfectly correct in stating that the returns are no larger than they appear in the paper which you have read?—I must adhere to my own opinion. The excess of charge over income which arises from year to year, and which is met from the revenues of the year, does not involve any subsequent charge on the revenue, or on the taxpayer. The sum which is mentioned here of surplus charges, amounting to 917,800 *l.*, which were paid from the current revenues year by year, in the earlier stages of the Ganges Canal, and any like charges on account of the other canals that were referred to, was defrayed year by year from the revenues, and there has been no charge of interest in respect of those surplus charges; but as regards the 2,700,705 *l.* which we will suppose, for the sake of the argument, has been borrowed (and I think it is reasonable to suppose that the greater amount of it may have been borrowed), on that there is a specific charge for interest arising which has to be met year by year. I say that there is a distinct difference between these two elements of cost. So far as the incidence of present and future taxation goes, what we have to do is to cover the interest on that 2,700,000 *l.*, and nothing more; and if we can do that, then I say that the financial position of the country is no worse than it was before. This is a question that I have been discussing for many years of my life, and that is the conclusion which I arrive at, and I confess that nothing that I have heard said by anybody up to the present time has shaken my view that mine is the right conclusion.

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6578. *Chairman.*] Your view is, that unless there is an outstanding charge against the annual revenue in the form of interest to be paid on a debt which is subsisting, there is nothing to be taken into account in dealing with the question of mere revenue and expenditure; you think that dealing with the question of the annual revenue and expenditure unless there is a subsisting charge against the work by reason of there being interest to be paid on an outstanding debt, there is nothing to be put to the debit of the canal?—Certainly.

Tuesday, 11*th June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Bourke.
Mr. Cross.
Mr. Dickinson.
Mr. Eastwick.
Mr. Fawcett.
Mr. Lyttelton.
Sir. David Wedderburn.
Sir Thomas Bazley.
Mr. Stephen Cave.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Sir James Elphinstone.
Lord Edmond Fitzmaurice.
Mr. John Benjamin Smith.
Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Major General RICHARD STRACHEY, R.E., re-called; and further Examined.

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6579. Mr. *Fawcett.*] IN resuming the point again about this matter of account, I want you to understand that it is not my intention to enter into an argument to try to convince you as to certain financial doctrines; my object rather is to get your exact meaning on the point before the public, so that they may judge as to its consequences; and what I understand you to mean is this, that in estimating the return which any public work will yield in future, you do not estimate as capital expended upon it any money which may be provided out of the ordinary income of the year for its construction; is not that the case?—No; that is not correct.

6580. That does not correctly represent your views?—No.

6581. What is a correct representation of your views then?—Well, I will endeavour to explain them as far as I can. I understand the capital account of a public work to represent as nearly as possible the actual expenditure that has taken place upon the work. Under the peculiar circumstances under which public works have been carried out in India, partly from what are technically called the revenues and partly from borrowed money, it has become impossible in reality to say of any work that it has exclusively been constructed from the revenues, or from borrowed money. That is in the nature of the system; but I think that in keeping accounts of remunerative public works, or what are commonly understood as remunerative public works, what the Government should aim at is to place the system under which those accounts are kept as nearly as possible on the same footing as that which is generally accepted for similar undertakings elsewhere.

6582. Then I understand your doctrine to lead distinctly to this conclusion: Supposing that you had to choose between two public works which you intended to carry out in India; each of them would cost, we will say, two millions of money, and the net income on each of those works would be 60,000 *l.* a year when they were completed, or, in other words, they would return 3 *l.* per cent. on their cost; the one public work would be completed in the year, and would immediately begin returning profits, this return of 3 *l.* per cent. upon its construction; the other public work (both of them, we will suppose, being carried out with borrowed money) would yield no return for 20 years, during the whole of which time the people of India would have to pay the interest upon the sum originally borrowed; according to your doctrine, you would say that each of those works returned the same amount of profit to the Indian people, and entailed exactly the same burthen upon them?—No, excuse me, not at all; the result of my annual revenue account would be precisely the same as yours. I should say that in the two cases the two millions would be shown as capital, and the actual return would be shown in the one case as 60,000 *l.*, which I understood to be the figure you named; in the other case it would be nothing.

6583. But when I asked you last time what rate of interest the Ganges Canal returned, your reply was, that it returned on an average 3·8 per cent., and you made that calculation upon this supposition, and if I, or some one else, had not cross-examined you, this is what would have appeared to the public; you did not give us any indication that that calculation was arrived at by leaving out of consideration all the money that had been lost to the people of India during the 20 years when the canal returned no profits?—If that was the effect that was produced upon the minds of the members of the Committee by what I answered, it arose from the fact that I was asked a specific question, and I gave a specific answer to it; I was not asked, if you will allow me to say so, to explain the principles on which the accounts of irrigation works in India were kept, or the nature of the figures published. If I had been asked, I could have explained them; I could then have shown that such an account as you speak of is in reality kept here (*pointing to some books*), and I could now show the figures if you care to see them.

6584. *Chairman.*] Will you put them in as an addition to the former statement?—I have made no statements up to the present time, as to the nature of the returns from these irrigation works;

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what I said was, that these returns show a net revenue on the capital outlay of so much.

6585. That is on the sum expended; you use the word "capital" there as equivalent to "sum expended"?—Yes.

6586. That is a phrase admitting of two interpretations; in commercial language, capital means the whole cost, the principal and interest up to the time of the thing becoming profitable; but Parliament expressly declared that no such principle should be applied to railways, and for many years that was observed?—In commercial transactions, as a rule, I should say that that is not the principle upon which the accounts are kept; I should deny it distinctly; I mean, of course, that that is the way in which the facts present themselves to my mind.

6587. What is the actual cost of the Ganges Canal, including interest?—This is a statement which is headed "Statement of Remunerative Works in the Irrigation Branch, Public Works Department, North Western Provinces, for the Year 1869–70." On one side is shown the account of capital, and on the other the account of revenue. This is not the revenue account of the year, but this is a statement in explanation. In this column under "capital," we find, under various heads, that the total expenditure on the Ganges Canal, up to the end of the past year 1868–69, was 2,343,000 *l.* and odd; during the current year it was 64,000 *l.*, making a total of 2,407,000 *l.*, that is to the end of 1869–70.

6588. That is without interest?—That is the capital without interest; "outlay on construction" are the actual words, and the details of that, the technical divisions of the charges, are given in the greatest detail, and quite clearly; then under the part of the account which refers to revenue, there are two further subdivisions; the one is "Charges," and the other is "Income." The first head under charges is "Interest on capital at 5 per cent.," that is to say interest on capital to date, namely, at the end of the last year, 5 per cent. on 2,343,000 *l.* The accumulated interest worked out upon that principle to the beginning of the year, is 1,369,285 *l.*; the interest for the current year is 1,171,000 *l.*, and the total to date is 1,486,000 *l.* Then the next charge is "Cost of repairs and maintenance of plantations," and the corresponding figures are given there; up to the end of the past year, the aggregate is 413,000 *l.*, during the current year it is 45,000 *l.*, and the total to date 459,000 *l.* Then comes "Share of executive establishment," divided in a similar way, and "Share of direction," and the total charge is 2,313,000 *l.* Then further on the right, under the head of Income, is "Gross proceeds from all sources," and up to the end of the last year, the aggregate is 1,106,000 *l.*, for the current year it is 189,000 *l.*, and the total to date is 1,295,000 *l.*

6589. The difference being how much?—The difference at the bottom is put "Balance of charges." If the balance had been the other way it would have been "Balance of income." The "Balance of charges" is 1,017,590 *l.* Then the same is carried out with the other canals; and on the Eastern Jumna Canal the balance is the other way, it is 165,000 *l.* up to date to the good.

6590. The account being made out in the same manner?—Precisely, and the account is made out in that way for each of the works.

6591. Mr. *Fawcett.*] Then the Ganges Canal at the present time is not paying the current rate of interest, and against that there is a loss up to the present time of over a 1,000,000 *l.*?—That reopens the former question.

6592. *Chairman.*] A loss on that mode of making out the account?—Quite so.

6593. Mr. *Fawcett.*] But what I want to get distinctly is this: you, representing the Public Works Department, have recommended the expenditure of a vast sum of money in future years on public works. I want to get an idea, arguing from the past, whether that will or will not entail a large pecuniary burden upon the people of India. Now, I want you to tell me in one sentence what, up to the present time, has been the cost of this Ganges Canal to the people of India?—I cannot answer that in one sentence; it is impossible. The first thing that I have got to say is, that the figures that I have been reading out to you are incomplete figures; they do not represent the revenues of the Ganges Canal; and if I am to answer a question of that kind put to me categorically, it will produce an entirely false impression, and the Committee will go away with a totally wrong impression if I am not allowed to explain what are the actual facts.

6594. *Chairman.*] If you have any facts to qualify the conclusion we should arrive at merely from the figures, it would be convenient that you should state them in answer to the honourable Member's question?—Then I desire to explain that the revenue which is shown here in these accounts is what is called the direct revenue, that is to say, the revenue which is received by the canal officers directly or under their control. In addition to that, there is a large increase to the revenue which, under the system of collecting the land revenue, is taken as increase of land revenue; under that system it has been impossible, up to the present time, to separate in a precise way what the precise amount is; but it is not disputed that it would be approximately about one-half of what is received as the direct revenue; that whereas the gross receipts from the Ganges Canal are at the rate of about 2 rupees an acre on the irrigated area, the addition to the land revenue which does not appear in these accounts at all, is equal to about 1 rupee more. Consequently these accounts do not represent the real financial result of these canals, but only the results so far as they are controlled by the canal officers. That has been perfectly well known for years past; equally for years past have I been striving, I am sorry to say ineffectually, to get the form of the account improved. The last five years that I was in India, it was the particular thing of all others which I strove to accomplish, and I regret to say that I totally failed; it is from no fault of my own; but there is the fact.

6595 Mr. *Fawcett.*] Still I must confess that I am not at all satisfied with that; you say that certain conclusions are not disputed, and yet you say at the same time that you have been striving in vain to get the accounts put into a proper form. How then can we say that the conclusions are not disputed; how can we say whether this Committee or anyone else would not dispute the conclusions, if the accounts were put as you desire in a clear and intelligible form; you admit yourself that they have not been, do not you?—I do.

6596. Whose fault is it that they have not been?—I really cannot say; I am not prepared to say

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say that because all improvements that I think desirable in the administration of India have not been made, it is anybody's fault.

6597. You say that representing the Public Works Department, and of course it is obvious that one of the great duties of the Public Works Department is to show distinctly whether certain public works which you recommend, or intend to recommend in the future, pay or do not pay, whether they throw a financial burden on the people of India, or whether they do not do so; you admit that the accounts are not clear, and not intelligible; you say that for five years you have been striving to make them clear and intelligible, more than anything else, and you have been resisted, I ask you where that resistance has come from?—In laying down any new system for framing accounts of this description, which involve not merely considerations which refer to public works, and the mode of keeping the accounts of public works, but also the system under which the land revenue is received, and under which the accounts of the land revenue are rendered; and considering that the system under which the land revenue is settled, and is received, and is accounted for, vary greatly in various parts of India, it becomes necessary, in order to lay down any single rule which shall be of general application, to refer to a very great number of separate authorities; and before anything can be done which can be considered thoroughly satisfactory, it is necessary to arrive at some general consent as to the principles which shall be adopted in keeping the irrigation revenue account. The particular difficulty that has arisen as regards these irrigation works, has reference to what I spoke of, the separation of that portion of the land revenue which is really the result of the irrigation.

6598. But then I understand the plan that is adopted is this, this irrigation is not compulsory, is it?—No.

6599. Some lands are irrigated one year, and the lands are not irrigated another year?—Yes.

6600. Therefore there is a distinct charge made for irrigation?—There is.

6601. Then if that is the case, how is it that you cannot ascertain what these irrigation works yield?—The system under which the canal revenue is raised varies greatly in different parts of India; in Madras the system is totally different from what it is in other parts, and necessarily totally different, because the whole system of the tenure of land is totally different. As a rule, in Madras, the occupiers of the land are also what you may call, to use the nearest English expression which is applicable, proprietors; in Upper India the cultivators are to a great extent not proprietors; in Upper India, under these circumstances, the charge which is made directly for the use of the water is made upon the cultivating occupier; and he it is who pays the money which appears in our canal accounts as direct revenue; but the cultivator is not the only person who profits by reason of irrigation; under the system of land tenure in Upper India, besides the cultivator there are other people who have a right to a share of the produce of the land; and those other people are, first of all, the person who is called the zemindar, and next the Government.

6602. The Government's share is the revenue, is it not?—Yes, it is a share of the produce of the land; it is what we call revenue, but that is what it really is; under the old established system of India, the Government has a right to a certain share of the produce of the land; that has been commuted into a money payment, not necessarily into a fixed money payment.

6603. But am I not right in saying that in this district through which the Ganges Canal runs, the land is not under the permanent settlement, but under the settlement known as the northwest settlement, the 30 years' settlement?—Yes; I would further explain that from time to time, as the land in the North West Provinces is resettled, the revenue officer would say, "I come to this village where there is irrigated land; the fact of the land being irrigated, necessarily increases the amount and the value of the produce; the consequence is, that the Government has a right to an increased amount of land revenue corresponding to the value of the increased produce due to the irrigation."

6604. But then that increased share which you say they pay is represented by the rent which they receive for irrigation?—I do not quite understand the question.

6605. The increased produce that they are entitled to receive is represented by the price which is charged for the use of the water?—No, I beg your pardon; the Government recovers the land revenue from the landlord; the landlord has nothing whatever to do in the North West Provinces (I am talking solely of them at present), with the water rate; the water rate is a charge upon the cultivator exclusively.

6606. *Chairman.*] What I understand you to mean is, that there is a certain fixed rent taken for the use of the water, and that in addition to that, the owners of the property derive benefit after paying that fixed rent from their proximity to the means of obtaining irrigation, precisely in the same way as a person through whose land a new road is constructed may pay a toll, but his property is enhanced much beyond the toll by the making of a road through it?—I do not think that is a proper analogy.

6607. Or a railway?—It is more than that. If land is irrigated, the quantity of the produce and the value of the produce is actually increased, and under the custom of India, a portion of that increased produce goes to the cultivator, a portion goes to the landlord, and a portion goes to the Government.

6608. Do I rightly understand you to express the view that after paying the precise water rent for the use of the water, that does not represent the whole improvement of the land that is irrigated, but there is also an increase of value to the proprietor from his proximity to the water at that rate?—Not proximity to the use of the water; it is not a question of proximity, it is a question of use. If he is merely near the water and does not use it, then he has no necessary advantage.

6609. Facility then for use of water?—It is the actual use of which I am speaking.

6610. What you wish to express is, that the land-owner and the land-occupier, as I understand it, derive a benefit from the use of the water considerably in excess of what they pay as water rent?—The value of the water is more than that; quite so.

6611. The difference between the real value of the water and the rate that they pay is the benefit that they derive indirectly from the irrigation system?

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system?—Well, the word "indirectly" I do not think is right.

6612. Do we rightly understand you that you claim for the benefit of the irrigation system a larger profit than that which is represented by the water rate, because the owner and occupier of the land get more benefit from the irrigation than what is represented by the water rent?—Yes, and I will again try to explain it more particularly. The systems under which charges are made for irrigation in different parts of India differ greatly; in the upper provinces of India, where you have a cultivator separate from the landlord, and the Government over the two, the position is peculiar; and the last step that the Government of India has taken in the matter, as regards Upper India, is practically to adopt a suggestion made by me, in the law just passed for the Punjaub, under which the water rate for the future will be reckoned in this way: first of all there is what is called the cultivators' or occupiers' rate; and next there will be the landlords' rate, which for the future will take the place of that increase of land revenue which, up to the present time, has represented the Government share of the additional profit due to irrigation received through the landlord.

6613. Got through the means of the revenue?—Yes, but it has been generally accepted that in reality this income is not of the nature of what is commonly called land revenue, but is in reality profit due to irrigation; and consequently, for the future, instead of being taken as land revenue, it is to be taken as landlords' water rate.

6614. Sir C. *Wingfield.*] A very large proportion of the cultivators of Upper India are themselves proprietors; they are a cultivating proprietary?—That is quite true, but still the general position is the same.

6615. You treat the man's profits as a cultivator quite different and apart from his profits as a proprietor?—Quite so.

6616. Mr. *Eastwick*] I think you wanted to show, did you not, that the real profits on an irrigation scheme were greatly more than what is represented by the figures which you have just read?—Quite so.

6617. And you wanted to show it in this way, that there is first of all the water charge paid to the Government, and then there is the increase of revenue which is now to be changed into a tax?—Yes.

6618. But besides all that, I want to ask whether there ought not to be put to account the gain to the proprietors, whoever they are; the occupier we will say reimburses himself for the water charge, but he gains very likely something over and above that; that probably we should not be able to trace; if we could trace it, we should perhaps then be able to show that there was not a loss upon the Ganges Canal, but that there was even a gain?—You are perfectly right, and of course that is a further portion of my reply to the remarks that Mr. Fawcett has made; in a complicated question of this sort, one can only arrive at the whole truth by degrees. In illustration of this view of the subject, I would further point out that in that Act which I referred to (I have not been able to get a copy of it, or I would have read out the section to the Committee, which would have explained it), it is declared that the Government will not take from any landlord a larger water rate than one-half of the increased rent which he actually receives.

6619. Mr. *Fawcett*] But that is quite an arbitrary thing?—Quite arbitrary; all these charges must be arbitrary.

6620. Now I will repeat the question which I put to you before, what do you estimate to be the cost to the people of India of the Ganges Canal?—In general terms, taking the actual figures as they appear in the account, and starting from the sum of 1,017,000 *l.* of apparent deficit which appears in it, I should think that the probability is that if the increase of land revenue had been properly taken into account, the excess of charge would have at once been reduced by about one half.

6621. That is not my question, what I want you to say is what, up to the time when the Ganges Canal began to yield any revenue, was its cost to the people of India; when do you say it was constructed?—The construction began in 1842, and the Government having no money to speak of to spend upon it, it went on very very slowly, and was not open till 1854; but that was simply because the present system of borrowing money for works of this sort had not been adopted, and of course there had been a very considerable accumulation of charge on account of the works during those 12 years.

6622. That is an explanation, but still I want it as a precise fact; you will admit with me that if you borrow, for instance, two millions of money now, and you have to pay interest on that money for 20 years or for 15 years, and the work on which you spend the money does not yield any revenue during that 20 or 15 years, so far as the cost to the people of India is concerned, you would add the interest?—The people of India have to pay the interest indubitably.

6623. I ask what is the cost to the people of India, I do not say the capital expended, but what is the cost to the people of India of the Ganges Canal; I want it in one sum?—It seems to me impossible to name a sum that shall represent it, any more than you can name a sum which shall represent the cost of maintaining the existance of the population of a large district.

6624. Do you say that when a public work is carried out in a country, when that public work is finished, it is impossible for those who are responsible for its construction to say what the cost is to the people of the country?—The figures are all to be got.

6625. I want them given?—It is impossible for me to know what particular turn the examination is going to take, and I have not got the figures. I have the figures for one year. I know that there is a return which shows in detail the whole progress of the expenditure from the very first year up to three or four years ago; there is no difficulty in finding that.

6626. Now what is the exact form in which you would like the accounts kept. You admit that the way in which these canal accounts have been kept hitherto has been eminently unsatisfactory; what is the particular form you would wish to see adopted?—I have written volumes about it, and I have got forms of account which are in a Report as to which I do not know whether it has been laid before Parliament or not, it was written in 1868.

6627. *Chairman.*] What is that Paper?—It is called "Report on Irrigation Works in India; more particularly having reference to the mode of exhibiting their Financial Results."

6628. You could state in a very concise way

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exactly the principle on which you think that the accounts should be kept?—The abstract is stated in a few paragraphs. The first proposal is, "That the accounts branch of the Public Works Department should henceforth be made responsible for the exact preparation of all the capital and revenue accounts of irrigation works." I might explain the meaning of that shortly; it means that up to the present time the responsibility has been divided among various branches of the administration; the revenue officers do some, and the Financial Department through the Civil account officers do some, and the Account Department of the Public Works have done some; and what I say is, let us have a specific and single authority to do the whole and be responsible for the whole.

6629. Mr. *Fawcett.*] Let us understand as we go on. That system which you so strongly object to of divided responsibility, in spite of your recommendations, continues to the present time?—I am afraid so.

6630. *Chairman.*] If there are several departments of the State, it is a necessity that no one department can be absolute in anything that concerns any other department, but that the general Government must settle between their contending and conflicting views?—No question; and it is obvious that no declaration of mine of this sort could with any propriety have been accepted by the general Government without consulting the other departments that were concerned with my proposals.

6631. Nor could it have been accepted at all without making the Public Works Department supreme over all the other departments?—That recommendation, virtually, has been accepted and admitted, subject of course to the general system being approved by the central authority after having communicated with the local authorities that are referred to.

6632. If you and the Revenue Department differ as to the way in which money should be brought to debit and credit, arising out of transactions which have a double operation, must not your differences necessarily be submitted, to the Governor General of India in Council?—Yes; but for a purpose of this sort a difference of that description could not arise, because the operations which I refer to here are merely carrying out a system of accounting settled once for all on the authority of the Financial Department of the Government of India. The whole of these questions were referred and would necessarily be referred to the Financial Department, and no order would be given on any such suggestions as these, excepting after having heard what the other authorities had to say about it.

6633. That is, that the Public Works Department should be responsible for carrying out the system of accounts laid down by the Governor General in Council?—Yes; that they should be the executive authority to do the whole of it, and that you should not have to hunt in half-a-dozen different reports and statements, in order to ascertain, or rather to try to ascertain the facts relating to the irrigation works. Then the second proposal is, "that the outlay chargeable to capital should be classified for all works in an uniform manner."

6634. Mr. *Fawcett.*] That has not been done up to the present time?—That has not been adopted up to the present time; I should say that we are gradually doing it; so far as the Public Works Department have been able to issue orders, it has issued orders in the sense of this proposal. It takes a long time to bring such a system of account into thorough operation; it is a tremendously difficult thing to take up the accounts, for instance, of the old irrigation works in Madras, and after examining all the old accounts to bring under their proper heads according to any classification that is adopted, the different items of expenditure. I should explain, perhaps, as regards the meaning of that second proposal, that remarks have often been made as to the different value of irrigation works in different parts of India; it has been claimed, for instance, for the Madras works, that they have been very much more profitable than the works of Upper India; and it is perfectly true, as a rule, that they have been; the object, therefore, of saying that the outlay of capital is to be classified uniformly, is to show, as far as is possible by means of figures, what are the characteristic differences of the different classes of works; in what, for instance, it is that the Madras works really are so much more profitable; is it because the necessary capital outlay has been so much less, or is it that the revenue on the land irrigated is so much more? And you can only arrive at results of any value on those points, by having the figures in the most complete detail before you

6635. *Chairman.*] What is the next proposal?—The next is, "That in the separate yearly revenue accounts of irrigation works, the income should be held to include all increase of land revenue actually obtained on irrigated lands, a corresponding share of the ordinary revenue establishment proportionate to such increase being at the same time shown as a charge." That is merely to carry out what I have been saying.

6636. Mr. *Fawcett.*] That is at once unfair, is it not, as pointed out by Sir Charles Wingfield. Suppose the land were irrigated from tanks which do not cost the Government anything, you still would get an increased amount of revenue because the land was irrigated, although the irrigation was not carried out at the cost of the Government?—That is a misconception; when I talk of land revenue obtained from irrigation, it means irrigated from the works.

6637. But suppose that they had been previously irrigated from tanks or wells, then you would claim all the increase which arose from irrigation, although you would have got a portion of it from the previous irrigation?—All I can say concerning that is, *de minimis non curat lex.* If the disturbance of truth which arises from such a cause is not important, it is not worth while bothering ourselves about it.

6638. You assume the whole case there?—You must allow, I think, that we have no desire to falsify the public accounts, and if the conclusion that we arrive at is, that it is not worth while to make the allowance, it need not be made; you must remember that the revenue authorities, if we desire to claim credit for more than our irrigation works really are entitled to, will be quite ready to come down and say, "you are not to take credit for that." In fact that question has been raised.

6639. But according to that rule, you lay down as a certain principle of account a principle which, if carried out, must necessarily lead to a fallacious conclusion as to the profit which these irrigation works yield; you say that after all it is a question of degree; but still you admit that if

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if land, which had been before irrigated by wells and tanks, afterwards became irrigated by such a work as the Ganges Canal, and that instruction which you lay down there were accurately carried out, the result would be to show a fallacious profit?—There would be a certain amount of fallacy, but the element of error is so small that it may be neglected; I do not think that any accounts whatever can be considered as absolutely true.

6640. Sir *C. Wingfield.*] Is it not the case that when a settlement officer goes to assess a village, he finds a certain proportion of the land irrigated; he does not inquire whether this land has been irrigated by a canal, or by a well sunk at the expense of the proprietor, but he says, "This being irrigated land, it yields a certain rental." Therefore it follows that if the irrigation had been provided by the natives before you made your canal, no part of the increased revenue on irrigated land is derived from your canal; that is to say, that your canal has not contributed to any increase of the revenue, because the sources existed before in the irrigation supplied by the people themselves?—Supposing that the rental of the land irrigated from wells was as high actually as that of the land after the canal irrigation had been introduced.

6641. But have you not also heard it often said that well water is far better for the land than canal water, because canal water holds in solution a considerable deposit of granite washings?—Yes; but as a fact, wherever the canal is taken, it drives all the wells out.

6642. That is perfectly true; where a canal is made, most of the native wells are allowed to fall out of repair?—I say, as a fact, that the cultivator prefers the canal to the well, it is much more economical; it is more valuable, in fact

6643. I will put an illustration. At the present moment you are going to construct canals in Oude; the great landowners of Oude have complained strongly against the making of canals in Oude, and they are going to petition the Secretary of State against them, they say, "We do not want water from canals, we have abundant means of irrigation as it is; the water in the great part of the province, is a few feet below the surface, and a well can be made at a trifling cost, besides which there are natural depressions which hold water; we are satisfied with the means of irrigation that we have, for which we pay nothing; you make your canals and you immediately come and charge us for the use of the water." In that case, where ample means of irrigation existed before, you cannot credit the Government with the increased assessment on the irrigated land as the result of the construction of your canal?—There has been a great deal of discussion regarding the propriety of carrying out certain projects for canals in Oude. I am perfectly aware of that, and I think if the Committee want to ascertain what the facts are on that subject they had better get the correspondence from the India Office.

6644. Where the land is abundantly irrigated and you make a canal; you cannot claim for any acre that was irrigated before your canal was made, that you have added to the Government revenue on that land?—If there is no increase of revenue in consequence of irrigation, no one in his senses, of course, would think of claiming any increase on account of it. Obviously, before irrigation is introduced, or works are begun, everybody interested has a perfect right to say, "In my opinion there will not be an increase of benefit, and there will not be any increase of revenue, and it is not desirable to spend this money" That I perfectly understand.

6645. Did not the Government of India pass a Canal Act in which they laid down this provision, that landholders holding land within reach of irrigation from the canal, were to pay a certain rate even though they did not use the water?—Not absolutely; only that they might be called upon to pay such a rate.

6646. That was the first Bill?—Yes.

6647. And that Bill was disallowed by the Secretary of State because he thought it a wrong principle?—I think no Act or Bill has been disallowed; at least I believe I am right in what I am going to say, that he has written to the Government of India to say that he disapproves of that part of it, and requests them to repeal it.

6648. There are two Bills; one was passed two years ago and that was absolute?—No, excuse me; I had charge of the Bill in the Legislative Council of the Governor General, and I drafted it, and know everything about it.

6649. In the Papers presented to Parliament, there is a Despatch of the Secretary of State disallowing the Bill passed two years ago for the North West Provinces?—No, excuse me; there has been no Act for the North West Provinces. A Bill was drafted and a copy sent to the Secretary of State, and he wrote objecting to a part of it; but at that time it was under discussion before the Legislative Council.

6650. But there has been a later Act for the Punjaub which has just come home now, regarding which I put a question in Parliament the other day, to know whether the Secretary of State is going to disallow it, as he disallowed the corresponding one before?—That is a misapprehension. The fact is that a Bill was brought in which was originally intended to apply to the North West Provinces, Oude, the Punjaub, and the Central Provinces; the draft of the Bill was sent to the Secretary of State, and on that Bill he made certain objections and certain comments.

6651. He objected to the principle of making a man pay for a thing which he did not use?—That may be.

6652. He used these words, "that to force irrigation on the people would be to make that unpopular which would otherwise be regarded as a blessing"?—He did say that, but he said a good deal more; and if one comes to discuss what the Secretary of State said, I think there is something to be said in the other direction as well as in that direction; but the *ipsissima verba* exist, and the best plan is to refer to them. However when that Despatch, of the Secretary of State was written, the Bill was before the Legislative Council under consideration, and in the course of the discussion which subsequently took place in the next year, the conclusion was come to that it was not expedient to pass that Bill for the North Western Provinces, and that it should be made exclusively applicable to the Punjaub, the Lieutenant Governor of which province had accepted it as being suitable to the Punjaub. There were various points that Sir William Muir did not like.

6653. He objected to that principle?—He did object to that, and a great many other people objected to it, but there were also other points. Then that Act was passed for the Punjaub.

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6654. Quite recently?—Quite recently.

6655. In which the same principle was affirmed, with some slight modification; the principle that men might be charged for water rate, who could get water, but did not use it?—Quite so.

6656. And that is now before the Secretary of State?—He has written, as I said before, to the Government of India, as I am informed (I have not seen the Despatch), to say that the rest of the Act is excellent, but that that part of it he cannot sanction, and that he requests, therefore, that it shall be repealed. I think you will find that that is the fact.

6657. Does not the making such a provision as that indicate a conviction on the part of the Indian Government, that if the people are left free to take water or not as they please, canals will not pay?—No, not at all.

6658. Why did you, then, provide that, in the event of your not getting a certain revenue from the regular sale of your water, you shall derive a certain amount from people who do not use it?—It seems to me that it is extremely inconvenient to discuss the provisions of a law the precise form of which is not before the Committee.

6659. And you have admitted the substance?—No, I have not at all; that there is something of the sort I do not deny, but that it follows necessarily that the Government is in great fear that irrigation works will not pay on account of the introduction of some such provision, I deny.

6660. Then how do you explain the introduction of that provision, from which that seems to be the only inference that a person could draw; if you think you could get a profit from the sale of your water, you would be satisfied without such a provision?—Before attempting to discuss or to defend those provisions of the Punjaub Canal Act, I should like to have the Act before me.

6661. I do not think it necessary to pursue that; members of the Committee can draw their own inference?—I would merely say, if you please, that whatever are the inferences that the Committee, or any member of the Committee, chooses to draw from it, this Act was discussed by the Government of India; that it passed with the assent of the late Viceroy (Lord Mayo), Sir John Strachey, Sir Richard Temple, Mr. Ellis, Mr Stephen, the present Lieutenant Governor of the Punjaub, and Mr. Egerton, the chief revenue authority in the Punjaub. Of course everybody has a perfect right to his own opinion as to the propriety of passing such a measure, but it really comes to a question of opinion. I do not deny in the smallest degree Sir Charles Wingfield's authority on such matters, but I think that the names that I have mentioned are also to be received as respectable authorities.

6662. Of course against that array of names I could set an equally imposing array of members of the council, and the Secretary of State at their head. But there is another point; you were saying that the Madras Canals have shown very large returns of profit; but have not those returns been swelled by this circumstance, that owing to the peculiar land settlement in Madras, where you deal with each individual cultivator, land which before was unoccupied because it was not irrigated, a canal having been made and that land having been irrigated, was immediately let, and then the canal department credited itself with the full rental paid by the man who had taken it; is not that so, that they took credit for the full land revenue?—Well, there have been very extravagant claims made on behalf of the Madras works, but I am not referring to those; what I refer to is the conclusion that I came to myself, after having been there, and having examined the whole of the data, so far as I could obtain them; but I have got the actual figures here, if the Committee cares to hear what they are, as to the grounds on which I say that the returns of the Madras Irrigation Works are very large.

6663. *Chairman.*] Is this all explained in the "Report on Irrigation Works in India; more particularly having reference to the Mode of exhibiting their Financial Results. By Colonel R. Strachey, R.E., Inspector General of Irrigation Works," dated the 2nd September 1868?—Yes.

6664. The whole account is at page 46 of the Parliamentary Return, 389, of 1870?—Yes; I should say briefly, that, according to my estimate, which I believe is tolerably fair, I make out that the approximate return on the Godavery works at the present time is about 22 per cent. on the capital, and the Madras returns claim about double that. For Tanjore, I make out that the return may be about 20 or 25 per cent., and the official returns claim 200 per cent.; there is a great deal of difference there.

6665. Sir *C. Wingfield.*] How are those receipts derived, do you know; are they simply from the sale of water?—My calculation was based entirely on the profits of irrigation.

6666. Merely the water rate; are you sure the revenue rate has nothing to do with it?—No, nothing but the irrigation profits; the Madras rates, you know, are very high; the revenue rate upon dry land is about 2½ rupees or less per acre, and the revenue rate upon irrigated land is about 7; therefore it is very high, you see; equal to a water rate of 4½ to 5 rupees per acre.

6667. But is it not the case that the Orissa Canal have been lowering their rates; that they have brought their rates down very low?—Yes.

6668. Something like a rupee and a half, is it not?—I think they are as low as that now

6669. Mr. *Fawcett.*] You were going through the proposals which you recommended; what I understand is this, that you admit that if the accounts were carried out in the way in which you wish to see them carried out, it would introduce fallacious conclusions; you say to a small extent; but still it would introduce fallacious conclusions as to the remunerative character of these irrigation works?—I answer that in the negative, distinctly.

6670. One time you say it would, and another time you say it would not?—I think that it is unfair to put a question in that form.

6671. The point I want to put to you is this: supposing the accounts are carried out in the way you wish them to be carried out, the irrigation works should not only be credited with the water charge, but they should also be credited with the increase of revenue between dry land and irrigated land; that is what you wish, is it not?—What I have said is, that in the revenue account of the irrigation works, the income should be held to include all increase of land revenue actually obtained.

6672. In consequence of the land being irrigated?—Yes, I say actually obtained.

6673. Then suppose the land had before been irrigated by a work carried out by the people, by wells and tanks (this is the point I want to get at), at), if the accounts were carried out in the way in which you wish, would not they credit the irrigation work of the Government with part of the return which would have been yielded by works carried out by the people; I do not say whether they should or should not do so, but simply ask whether they would?—Not necessarily, certainly not; it would be a question with the Government whether it would be worth while to go into an elaborate calculation to ascertain what was the precise amount of revenue due to a particular well for instance, supposing that there was one well. It might be worth while, or it might not be worth while; of course if there was one acre of land that had been irrigated before in a million that had not been irrigated, in order to get the account rigorously correct, you ought to make a deduction on account of that one acre that had been irrigated before; I admit that perfectly; but if you ask me whether, on account of introducing the income that had been derived from the irrigation of that one acre, when I review the result of the irrigation of 1,000,000 acres, I produce a fallacious result, then I say that no fallacious result is introduced into the account. Therefore, what I say is this; it does not follow at all that an allowance may not be made for that single well; the question is, whether it is worth while doing it; also, I say that the responsibility or the power of deciding whether that sum shall be included or shall be excluded is not in the hands of the Public Works Department, or the department that renders these accounts; and it would also be, so to speak, the interest, or the duty, of the revenue authorities to see that there was no such confusion in the public accounts; that is to say, that they would say, "This revenue is, properly speaking, land revenue, and it has nothing to do with your irrigation works, and we will not allow it to be introduced into the irrigation accounts."

6674. It would be their duty to do it, but then is there any security that that would be done; are there at the present time any specific instructions that that should be done?—There are no instructions on the subject at all, because the arrangement that I have been speaking of has not been come to.

6675. Then what I understand you at the present time to say is, that the accounts hitherto of these irrigation works have not been kept in a sufficiently clear and intelligible form for us to arrive at any distinct results as to the amount of profit which they yield over and above the fixed irrigation rate?—The accounts are not sufficiently clear to admit of your obtaining a precise knowledge.

6676. And then without there being any guarantee that they will be made sufficiently clear, the Government of India has recommended in future years an expenditure of 40,000,000 *l* upon irrigation works?—I think not. I have no knowledge of the Government of India having recommended an expenditure of 40,000,000 *l.*

6677. Has not that been recommended?—Suggested; but that is a different thing from recommended.

6678. It was not only suggested but advised, was it not?—I think not.

6679. What form did the suggestion take?—The suggestion made by me, for I presume it is a suggestion of mine to which reference is made, was, that so far as I could judge, it might be advisable.

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6680. Simply "might be;" "would be," was it not?—Well, I have no particular objection to "would be;" that it would be advisable, so far as my lights went (of course everything said in that manner is said with that qualification) to spend 30,000,000 *l.* or 40,000,000 *l.* sterling.

6681. Now with regard to the Eastern Jumna Canal, you said last time, in reply to a question that I put to you, that no work of importance had been carried out previous to our taking possession of that canal, that it was only a ditch, and that in consequence of its being a ditch, it cost us more to put that ditch in order than if we had constructed the work altogether; you stated that, did you not?—I said that that was my belief.

6682 What do you put down in your accounts the cost of the Eastern Jumna Canal to be; 180,000 *l*, do not you?—Up to date, 190,000 *l.*

6683. The length of the Eastern Jumna Canal, with its tributaries, is 750 miles, is it not?—It is possible, but the length of a canal does not necessarily indicate its value.

6684. But can you show any single instance of a canal with its tributaries of anything like the same length, being constructed in India at a cost of 190,000 *l.*?—As I said, the length of a canal does not indicate its irrigating capacity at all.

6685 If the work which was done in the Eastern Jumna Canal, previously to our taking possession of it, rather increased the cost of constructing it to us than diminished it, what special circumstances caused this canal to be carried out for an uprecedentedly small sum?—The physical circumstances under which it was constructed, were totally different from those of any of the great canals that we have been constructing since.

6686. Totally different from any of the smaller canals?—What canals?

6687. Any of the smaller canals put down in that return to which I was referring you on the last occasion?—There are some of these smaller works, but they are really hardly worth considering. However, the fact is, that generally speaking, the reason why the Ganges Canal has cost such a large sum of money is, first, that it is six or seven times as large as the Jumna Canal. The works on the Ganges Canal, in the next place, are necessarily of an extremely heavy character; the physical difficulties to be overcome, the engineering difficulties to be overcome, are vastly greater, and the necessary expense also is vastly greater.

6688. But then allowing for all that, the Ganges Canal cost 15 times as much as the Eastern Jumna?—I do not see myself, considering all things, that the difference is so very striking.

6689. I simply wanted to get at why this canal cost so little. Would you like to suggest some further recommendations with regard to the form of keeping these canal accounts?—The last thing on which there was a considerable discussion was, "That the income shall be held to include all increase of land revenue actually obtained on irrigated lands." Then the next proposal is, "That the increase of land revenue should be ascertained simply by deducting from the actual revenue on the irrigated lands from time to time, the former revenue received before the irrigation began, or before the improvements

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charged to the capital account were brought into operation."

6690. "Before the irrigation began;" what do you mean, the Government irrigation, or the irrigation of the people themselves?—I mean the irrigation from the works to which this account refers, of course. The reason for that, and the necessity for it, is that in Madras, where there is no distinction between the land revenue and the water rate, it is extremely difficult, unless you make some arbitrary rule of that sort, to get any account at all.

6691. If that instruction of yours were carried out, it is at once obvious to you that you would credit these irrigation works with all increase of revenue from whatever source it arose. It must be obvious to you, for instance, that if the great depreciation in the value of money continues, the price of agricultural produce would proportionately rise, and if it rises, the land revenue would proportionately be able to be raised; but you would credit all that increase in the land revenue to the irrigation works?—That portion of it which is due to irrigation I should.

6692. *Chairman.*] *Pro ratâ* for the portion, not for the whole?—You have to ascertain what is due to irrigation.

6693. Mr. *Fawcett.*] How can you do that by simply carrying out literally your instructions. Will you read that instruction again?—"That the increase of land revenue should be ascertained, simply by deducting from the actual revenue on the irrigated lands from time to time, the former revenue received before the irrigation began, or before the improvements charged to the capital account were brought into operation."

6694. According to that, it is obvious to you that it would introduce the fallacy which my question points out?—That is perfectly true, and I have given a reason for saying that I recommended that. At the same time I should say that this has not been actually done; that these were only my recommendations.

6695 I do not wish to seem to imply whether these recommendations are good or bad; I simply point out to what result, as a matter of fact, they lead, and I think my conclusion is a just one and a true one, is it not? Have you put any qualification upon that in any subsequent paragraph?—I have explained why I proposed that. I say, at page 27, "If it be said that the increase of land revenue on irrigated lands which follows the introduction of irrigation, is not wholly to be attributed to the irrigation, but will partly depend on that natural increase of value in landed property which has nothing to do with the application of irrigation, the truth of the position may at once be ceded. But, in reply, it must be said that to distinguish this part of the increase of revenue from the other is quite impossible; moreover, that, if it could be done, it would not be worth while doing it. The object of the Government in drawing out financial returns of the sort under discussion is to enable it to arrive at a clear knowledge of the consequences of its outlay of capital on these works in relation to its income after the outlay has been made. The essential thing for the State, in a financial point of view, is, that there shall be in such cases an improvement of the revenue immediately consequent on the outlay which shall at least cover the interest on that outlay. If this improvement takes place, never mind by what causes, the financial safety of the operation that has been undertaken will be secured. In short, although the fallacy of the argument *post hoc ergo propter hoc* may in this case be admitted most fully, it must be added that the *post hoc* is here, in fact, all that is important, and that the precise amount of theoretical error introduced into our calculations of the true profits of our irrigation works will be absolutely small, and, for the purposes in view, quite unworthy of notice."

6696. I want now to put this to you; suppose there is a depreciation in the value of money 50 per cent.; prices rise proportionately, and that prices double; that is a very likely thing to occur in India; the revenue would double and entirely independent of irrigation works; and you would put down the whole of that increase to the results of irrigation, and justify the expenditure because it would show so large a return, would you not?—Of course, accounts kept in that form might be so used, and if they were so used they would be used foolishly.

6697. Then you say, do you not, that it is impossible to separate what increase in the value of land arises from irrigation and what arises from other causes independent of irrigation; you admit that?—I do not see any way of doing it. Where the charge for irrigation is not separate from the land revenue, it seems to me that there is no possible way of arriving at any conclusions.

6698. I will not argue the point with you; I understand you; but what you recommend is, that all increase of land revenue from whatever cause arising on irrigated land, should be put down to irrigation works, do not you?—That is what I did recommend; but there is a subsequent Paper to which I may refer after those original proposals of mine were made, there was a further discussion which took the form of the recommendations of a committee of the Secretary in the Financial Department, the Secretary in the Home Department, and myself on this very subject. Perhaps, I might just briefly say what that is.

6699. We need not go into that, I think. What is your next recommendation?—I think that it is proper for me to read this, "For the administrative accounts, we think," (that is the committee I spoke of) "that it cannot be doubted that so much of the land revenue as can be distinctly shown to be directly due to canal irrigation, should be shown as canal income. The facts, so far as they can be ascertained, should be accepted. Where the land revenue is fixed for a term of years, the canal share of that revenue would be the portion which at the commencement of the term was charged on account of the irrigation, and no addition to the canal share would be justified during the term, or until some actual revision of the land revenue had been made, and then only on the same principle."

6700. Is there any other recommendation that you made with regard to the forms of keeping the accounts?—The other had reference to the general account, "That in the general annual account of revenues and expenditure, the present head of land revenue be divided into two; land revenue ordinary, and land revenue irrigated, and that the entire land revenue of irrigated land, together with all direct revenue derived from irrigation works, be credited under the latter head, and that all the corresponding charges be

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debited in like manner." The meaning of that is, at present, the general accounts of the revenues of India show, under the head of Land Revenue, a very large portion of the revenue which is due to irrigation, and under the head of Public Works, there is a small portion of that shown, and my desire was, that the whole of the revenue which is due to irrigation should be shown together, which at present it is not.

6701. Is that all that you wish to say under that subject?—Yes.

6702. Mr. *Cave*.] I suppose a great portion of the land which is brought under irrigation by the canals would be absolutely unculturable without irrigation;—Well, it might be, but not as a rule.

6703. What portion is brought into cultivation by the irrigation works?—I think it is impossible to generalise upon that. In some parts of the country, for instance in Scinde, without artificial irrigation, cultivation is impossible, because there is no rain, but in other parts of India the irrigation merely supplements the natural fall of rain.

6704. In those places where it is not possible, there is no land revenue at all, before the irrigation?—No, you may say that the land revenue depends entirely upon the existence of the irrigation, which is the case in Scinde.

6705. In such cases the diminution in the value of money would have no effect whatever upon the revenue of land that is not cultivated at all?—Of course it would not, because there would be none.

Friday, 14*th June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Birley.
Mr. Bourke.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Hermon.
Mr. Lyttelton.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

HE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR

Major General RICHARD STRACHEY, R.E., recalled; and further Examined.

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6706. Mr. *Fawcett.*] YOU stated, did you not, in your former evidence that no local tax could be imposed without the consent of the Governor General, and that the Act which imposed it was subject to the veto of the Secretary of State?—I do not think that I did give evidence to that effect, but I believe that what you say is quite true.

6707. Are you aware of the Punjaub Municipal Act?—Which Punjaub Municipal Act?

6708. The Punjaub Municipal Act of 1867; there was a proposal to renew it recently?—Yes, it has been renewed, from what I see in the newspapers, for a year, I think.

6709 A debate took place upon that in the Council at Calcutta on the 2nd of March in the present year?—I dare say that you are right.

6710. Are you aware that the 6th clause of that Act, in the most clear and distinct words possible, gives town committees, having obtained the consent of the lieutenant governor of the province, and not of the Governor General, power to levy taxes for various local purposes, that they can say what the amount shall be, and on what property the taxes shall be levied?—Not having the actual Act before me, I cannot speak as to that; but I think there is no reason to doubt that what you have said may be in the Act, and I do not think that that is at all at variance with the other position, because in the nature of the constitution of the Government of India, a lieutenant governor is bound to comply in every respect with the orders that he receives from the Governor General in Council.

6711. But then if the initiative comes from him, if he gives his consent, the tax is imposed and may for some time be levied?—But the Governor General in Council is always in a position to give general instructions, and, I believe, does give general instructions, to local authorities who have such powers under the Legislature, as to the general nature of the policy on which they should act.

6712. Is it not the case that under this clause (and I shall quote a high authority) which gives this power to town committees, an enormous amount of taxation has been levied in the Punjaub and in the North Western Provinces?—I think that the word "enormous" is not quite the right adjective, perhaps; but that a considerable amount has been, there is no doubt.

6713. Are you aware that Mr. F. S. Chapman, who is a high authority on the subject, a member of the Council at Calcutta, stated as a fact, that in some districts the local taxation which had been levied in this form, amounted to 50 per cent. of the land revenue?—I am not aware that he stated that, and if he did state it, I should think it was probably inaccurate.

6714. Why then was it not contradicted in the debate?—It may be accurate in one very restricted sense; if you take the actual geographical area which is comprised within the limits of a town, and ascertain what technically is the land revenue levied on that particular area, I think it is extremely probable that the local taxation will not only be 50 per cent., but 500 per cent. more than the land revenue.

6715. But his words carefully excluded that interpretation; he did not speak of towns, but he said districts, and no one contradicted it?—Not having been at the debate, and not knowing the circumstances under which the statement was made, I can give no opinion on it, but I totally disbelieve that there is any such condition of thing in any part of India.

6716. Should you be surprised if the military member of the Council, General Norman, speaking on the same subject, said that his experience went to the same effect, that the local taxation levied under this Act was increasing so much that it was producing amongst the people of India a much graver discontent than was produced by Imperial taxation?—It is possible he may have said so. I have no knowledge of the fact.

6717. As you doubt what Mr. Chapman says on the subject, I can give you his exact figures; he says that in the Presidency of Bombay, from the up-country people, excluding the people of

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Scinde, and the people of the Island and the town of Bombay, the amount of taxation levied in the manner which I have described amounted to more than half a million?—I think that that is a probable statement; but how it is possible that that can be 50 per cent. of the land revenue of Bombay, I cannot conceive.

6718. I did not say throughout Bombay, but in some districts?—My impression is, that if he did say such a thing it was poetical.

6719. In the same debate, speaking on the perfectly irresponsible power which was vested in the local authorities to levy objectionable forms of taxation, are you aware that Mr. Robinson, also a member of the Council, stated that at the present time in Madras, in the form of local taxation, they were reviving the old transit dues in their worst possible form, and this was causing a serious impediment to trade in India?—I think it possible that such a statement may have been made. If, by the questions that you are putting to me, you wish to establish that I support the grant of unlimited powers of taxation to local authorities without very strict control, you are entirely wrong. If, also, you think that I am prepared to support the propriety of a great deal of the existing local taxation, you would be equally wrong; I think that a great deal of it is intolerably bad.

6720. You and I agree on that point; I want to get at the facts on your authority; then under the scheme of decentralisation, of which you were the author, I think it is obvious that, onerous as local taxation is at the present time, it must necessarily increase?—I think not.

6721. Not to meet the increased expenditure on public works?—I am not aware that there is any necessary call for increased expenditure on public works.

6722. Not with all the schemes which, in your last evidence, you say that if you have not recommended, you have suggested?—Those schemes which I have suggested have nothing at all to do with the raising of money in the sort of way we are now talking of, that is to say, for provincial purposes. The schemes which I have recommended to the Government, are schemes to be carried out entirely by loan, on the security of the Imperial taxation, and they would not affect in the least the local taxation.

6723. But I understood from your evidence, that as yet the Government had not clearly and distinctly defined, in a way that I for one can understand, what works are to be considered works to be thrown on the Imperial revenues, and what works are to be carried out through provincial agency?—That is true; there has been no such definition. The Government of India, on every occasion on which a proposal has been made to take up a work to be paid for by borrowed money, has considered the character of the work, and the cogency of the reasons which have been made use of in supporting such a proposal, and have considered on the merits of each case whether the work was of such a character as to make it worthy of being carried out in that way.

6724. Then, if there has been no clear, intelligible, and precise definition laid down as to what public works should be carried out by borrowed money obtained on the security of the Imperial finances, and what public works should be carried out by provincial funds, what security have we that some portion, at any rate, of these large public works which you have suggested or recommended will not have to be defrayed by local taxation?—I do not know that you can say positively that there is anything in the nature of security given that public money will not be applied for public objects of any description, either out of local taxes, or out of Imperial taxes. I think in the nature of the case such security is impossible, that the only security that you have for the proper action of Government is the sense of responsibility that is put upon the Government, and the sort of preventive check that there is on irregular action by taking care that your Governors, and your persons entrusted with authority, are capable and honest men.

6725. Then the people of India being at the present time sorely burdened by local taxation, the only security that they can have that this local taxation will not increase in consequence of these public works, is the assurance which they can place, whether it be great or small, in the care with which the Government watch over these public works?—I think that last remark, as to the security against further taxation, is perfectly true, with this extension, that it not only applies to expenditure on public works, but to all expenditure; and I think it is invidious and erroneous to introduce the idea of public works as though the only expenditure that could be objectionable or wasteful was on public works.

6726. In examining other witnesses I shall show that my dread about waste and extravagance in India is not by any means confined to public works; I can easily satisfy you on that point, but then do you think that the people of India can rest very content with that assurance, considering your own admission that hitherto vast sums have been spent in the Public Works Department without any adequate or sufficient control?—Before I answer the question I should say that although I do not on every occasion correct expressions that are contained in the questions that are asked me, which I think call for correction in the way of extremely strong epithets and so forth, still I desire that it should not be understood that silence on such points at all implies that I assent to particular statements or sentiments which are contained in a question which is thus put to me. If you will allow me to go on, I will now answer your question, and say that when you talk about the people of India resting content, I do not think that at the present time there is anything in India which deserves the name of public opinion; not in the sort of sense in which "public opinion" is applied in a country like England, or in a country even in which progress has been very much less; at the same time I admit thoroughly, that although there is not such a public opinion, the position of the persons who administer the country should not on that account be considered to be one of less responsibility than if the country had arrived at such a state of advancement as to be able so to speak to take care of its own interests. Therefore I think that it is incumbent on the Government to do everything in its power to arrive at a satisfactory knowledge of what really are the particular and detailed wants, and even the wishes, of large portions of the community before taking up measures or determining to act upon them. And I carry my views on this subject to this extent, that I have all along thought, and I continue to think, that coincident with this establishment

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of provincial financial administration, there should be created some local consultative body to which the financial schemes of each local government should be referred, bodies which should be in the position of discussing those schemes and proposals, of asking the Government and its officers any questions that they thought fit regarding every part of any proposed scheme for expenditure or any proposed scheme for new taxation; and I think that it would be perfectly right, or necessary even, that in such bodies should be included a considerable number of the most intelligent of the native inhabitants of the districts which would be affected by the measures of the Government.

6727. But admitting the value of that opinion, still, as a matter of fact, this decentralising scheme, which gives provincial bodies increased powers of imposing local taxation, has been carried into effect, and these consultative councils which would represent the feeling of the natives, and which you think necessary, exist only in the dim future, and the people of India have no security at all that they will ever get them?—I should not altogether assent to that; the local legislative councils in Bengal, in Madras, and Bombay, do, to a certain extent, give the means of the sort of discussion that I have spoken of, and in fact considerable discussion has taken place in those councils on such subjects as these. But it seems to me that in the very nature of progress it is impossible (and the remark is not at all a novel one, or one that I need take any credit for) to develope suddenly a great and perfect scheme of administration. The only way in which progress in administration can take place is by steps, and it obviously is the natural course to adopt in extending financial administration to local bodies, to begin by giving them the power under reasonable control, and then carefully to watch the operation of the new machinery, and to introduce from time to time any such additional supports or checks as experience shows to be necessary.

6728. With regard to a question which was put to you last time, is not this the fact, that at the present time a Punjaub Canal Act is in operation, and that Act, which is actually in operation at the present moment, gives you the power to levy compulsory irrigation rates upon people, whether they wish to use the water or not?—Under the circumstances that I mentioned before I began my examination to-day, that I had not expected to have been called, and that I have brought no papers with me, I would rather postpone answering that question, if you will allow me; I am otherwise perfectly ready to go into that matter most completely.

6729. I was simply going to ask you not on the policy, but as a matter of fact?—I object to answer a question of that sort without explaining precisely what are the conditions which are referred to in the part of the Act which refers to that subject.

6730. And also I should examine you in regard to that upon the compulsory labour which the Act sanctions, I believe, but I will pass to another part now; has not this been found in carrying out various irrigation works, speaking generally as a matter of fact, that the original estimate for their cost has been almost invariably exceeded, and that in many cases, on the other hand, you have not been able to levy as high irrigation rates as you supposed you would be able to levy?—As regards some of the works, that is no doubt true; as regards a great many others it is not.

6731. With regard to the Orissa Canal, is it not the case that the calculations that it would yield a large rate of interest were based on the supposition that you would be able to levy an irrigation rate, *Rs.* 2. 8, and that the irrigation rate has already been reduced to *Rs.* 1. 8?—The Orissa canals were not executed by the Government, and the designs were not made by officers of the Government, or under its authority, or, so to speak, with its knowledge. The estimates of revenue on which the shareholders of the company originally carried out those works, were not only not approved by the Government, but were distinctly discredited in the strongest way. Further, when the Government took over those works they did it, not in the expectation that there would be any immediate return of revenue from the works, but feeling that under the peculiar circumstances in which the company was placed at the particular time that the works were taken over, which immediately followed the great famine in Orissa, there was an obligation put upon them to continue to carry out the works in the best way that was possible, and to do all in their power to spread irrigation in those districts of Orissa which had suffered so cruelly by reason of the famine.

6732. But if the Government actually discredited the estimates of this particular canal company or irrigation company, and placed no confidence in them whatever, how came it that they bought the company at par, giving 400,000 *l.* more than the quoted market value of the shares, and in addition to that, a bonus of 50 per cent.?—I think that the reasons which led the Government to that are to be found in a despatch of the Government of India to the Secretary of State, which can be referred to. But in general terms the position was simply this, that the Government of India felt that it was essential to do something, and to do something at once. They had been for a year or two lending money to the company for the purpose of admitting the works being carried on, because the funds of the company had come to an end, and it was perfectly clear that the company could not raise any more money. If the Government had not offered to take over the works of the company on what may be generally called liberal terms, the necessary result must have been that a discussion would have been got up which probably would have extended over years, and meanwhile the works in Orissa would not have been carried on, and under the peculiar circumstances of that province the Government of India felt that it was impossible that any further delay should be permitted in giving all possible completeness to the system of irrigation works which the company had begun.

6733. In your last evidence you said that you would mention several instances of works which had proved financially disastrous, which had been guaranteed by the Government of India, and you mentioned one, the Mutlah Railway, on which we examined you; would you complete the list now?—I do not think, if you will allow me to say so, that I made use of such an expression as "disastrous." What I said was (and that was the sole intention of my remark at all), that I thought that there had been expenditure which

I personally considered objectionable and unnecessary.

6734. But still as to the Mutlah Railway, it is not a very strong word to use; for you used language as strong as calling it financially disastrous?—I am prepared to give you substantives to any extent, and anybody may attach any adjectives they please. I also wish to explain that in what I have said, and was perfectly ready to say, regarding the defects of the Public Works Department, or any other branch of the administration in India, I have not the least desire to throw stones at any one; I do not imply that persons who have made what I consider mistakes are a bit worse or less capable of managing the affairs of the State than I am; but I give my opinion, and I think I should be misconducting myself in the face of the Committee and the country if I did not point out defects, with the hope that some remedy might be found for them, and that similar causes of complaint would not occur in future.

6735. It is our object to ascertain these facts, and for that reason I asked you if you would mention analogous instances to the Mutlah Railway?—One that I would mention would be the Godavery Navigation Works.

6736. *Chairman.*] You might exhaust the railways first; there are two or three that are most disastrous?—I should not admit that. I mentioned the Godavery Navigation Works. Those works, in my opinion, supposing that they were completed, and that they could have been completed without any serious burden being thereby caused on the revenues of India, would I perfectly admit have opened up to the sea a large portion of the Central Provinces, and so far would have been extremely valuable; but I think myself that under the circumstances of those Provinces, and of the particular part of them that it was proposed to benefit, such an expenditure at the time it took place was not a thoughtful expenditure, and that there were many other objects on which public money might have been spent with much greater immediate utility.

6737. Can you give us, generally, the amount which has been spent on these Godavery works, and the return which they yield?—My impression is that the expenditure up to the present time is about three-quarters of a million, and the works at present are extremely imperfect; in fact, one may say that none of the objects for which they were originally designed have been actually effected.

6738. Mr. *Eastwick.*] You mean the Godavery navigation works, not the irrigation works?—No, nothing to do with the irrigation; the improvement of the river for navigation merely.

6739. Mr. *Fawcett.*] And you think that the expenditure will not ultimately prove useful, that it will involve a loss?—There is at present no return from them at all, and in the nature of the case there can be no return; what those works are proposed to do is to open up the Central Provinces by means of steamers and cargo boats to take the produce of the central provinces to the port of Coconada, and no such result has been attained.

6740. What is the next one to which you will direct our attention?—I think that the arrangements that were made with the irrigation companies in India were improvident and objectionable.

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6741. Has any estimate been made of how much more money will be spent upon the Godavery navigation works?—Yes. At the commencement of last year a long despatch was sent by the Government of India to the Secretary of State on the subject, reviewing the whole position of the works, and giving the conclusions to which the Governor General in Council had arrived in regard to their prosecution or abandonment in the future; and I may add that the whole scope of the action of the Government of India in connection with those works, I believe almost from the day that they were instituted up to the date of that last despatch, has been to point out to the Secretary of State the danger and risk of continuing them.

6742. Were not the works originally sanctioned by the Governor General?—On the order of the Secretary of State; and to a very great extent the works have been carried out under the instructions of the Secretary of State from time to time, if not without estimates, with extremely imperfect estimates which the Government of India has in vain tried to get, and only has got quite lately.

6743. Does it occur to you that the Governor General ever wrote a despatch, after a good deal of discussion had taken place, in which he did recommend that the works should be commenced and carried out to a certain extent?—To a certain extent I have no doubt that may have occurred, but under the pressure from the Secretary of State When I say pressure, I mean that the Secretary of State had strongly expressed an opinion that some such works should be carried out, and he invited the Governor General to say what could be done.

6744. But am I to understand you that the Governor General ultimately adopted the views of the Secretary of State as his own, or that the works were carried out against the recorded opinion of the Governor General in Council, merely in compliance with the superior statutory authority of the Secretary of State?—I do not know that the discussion between the Government of India and the Secretary of State ever came to an open declaration of war, but that the whole tendency of the Government of India, from the earliest time up to the present, has been to object to the works, I have no hesitation in saying.

6745. Does it not amount to this, that if the Government of India accepts or adopts the opinion as its own ultimately, and the Secretary of State was left under that impression, the result is that each Government is only deluding the other, and that neither becomes responsible?—I do not think that the correspondence that passed between the Secretary of State and the Government of India could have left any such impression on the Secretary of State; at least, I should think not; and as by Act of Parliament the Secretary of State in Council has absolute power to give any instructions he likes to the Government of India, and to dispose at his pleasure of the revenues of India, it is the duty of the Government of India frankly and fairly, after discussion, to carry out the wishes of the Secretary of State when he has distinctly stated what his conclusion is. I believe that the Government of India has always been conducted on those principles, and that the particular views of the Government of India would be waived in the face of a continued and strongly expressed

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declaration of the wishes of the Secretary of State.

6746. I want you to perceive the distinction between the Government of India recording its views, and distinctly declining to accept any of the responsibility of an act, and leaving it to the Secretary of State to exercise his statutory authority; and the Government of India itself adopting the views of the Secretary of State, and carrying them out as its own. I ask whether in the case of the Godavery works the latter was not the course taken by the Government of India?—I should say certainly not.

6747. Mr. *Fawcett*.] Who was Secretary of State at the time these Godavery navigation works were sanctioned?—I do not remember, but I know that a great deal of discussion went on during Lord Halifax's time.

6748. As you gave the name of the Secretary of State with regard to the Mutlah Railway, will you put the name in with regard to the Godavery works also?—I should say, in self-defence, that being a servant of the Secretary of State in Council at the present time, and having been so for a good many years past, I feel some delicacy in doing what may appear to be cavilling at or commenting on the acts of constituted authorities who had a perfect right to give such orders as they have given, and I hope therefore that the Committee will perfectly understand, as I explained just now, what is the real object and motive of anything that I do say upon these subjects.

6749. But simply as a matter of fact, do you not know the date when these Godavery navigation works were sanctioned?—They have been going on so long that I could not say, and the time during which Lord Derby (Lord Stanley, as he then was) was Secretary of State was, comparatively speaking, so short, and there has been so much of Whig rule and so little of the other, and the intervals have been so broken, that I really cannot take upon myself to remember. I may mention that the principal despatch on the subject was signed by Lord Halifax, then Sir Charles Wood.

6750. What is the exact amount which it has been estimated will be required to complete these works?—As I came here without any papers to-day I would rather not answer that now; but I have no doubt that the Public Works Department at the India Office will give you that last despatch to the Secretary of State, and any reply that there was to it.

6751. To get it in a precise form, will you put that in hereafter?—Yes.

6752. What is the next work to which you would like to direct our attention, of those which have proved unremunerative?—I think the irrigation companies, including both the Madras Company and the Orissa Company.

6753. The Orissa Company was the one which you previously referred to?—Yes.

6754. Government gave 1,050,000 *l.* to that work, and without entering into the reasons which induced them to buy it, what is the return which it is yielding now?—If you are talking of the Orissa works, it is something extremely small; the works have hardly come into operation yet.

6755. Has any estimate been made of the amount which, including the purchase money, has been spent upon them, and what the yield is likely to be?—I am not prepared to say off-hand that there has been any recent revised estimate of the returns.

6756. What has been the whole cost?—It is something over a million.

6757. Do receipts cover working expenses at the present time?—I could not positively say that, but I may say that the whole work is so completely immature, that whether they do cover the working expenses, or whether they do not is, in my judgment, not important. If they do cover the working expenses, it is only just as much as they do; that I can say.

6758. But has or has not an estimate been made of the future return of these works, and the amount of land which will be irrigated?—There is no doubt that there have been reports showing what amount of land can be irrigated by the volume of water which is available. All of those questions have been gone into; revised estimates have been submitted to the Government of India; and have been submitted, to the best of my recollection, to the Secretary of State, and the works now are going on under those revised estimates, the precise amount of which can be ascertained.

6759. Do they show a future loss to the revenues of India?—Certainly not.

6760. Then why have you placed these works in this category?—Excuse me, I said nothing of the works; I said the arrangement with the companies, which is a totally different thing.

6761. In fact, we paid too large a price for them?—First of all as regards the Madras Company, the Secretary of State gave an absolute guarantee on 1,000,000 *l.* sterling.

6762. Who was it that did that?—I rather think that was done in Lord Stanley's time; immediately after the Mutiny. Then after that company had spent its million and not completed its works, and found itself in the position of being unable to raise more money, they said to the Secretary of State, "We shall break down unless we get more money; will you lend us some?" virtually it came to that. First of all, they asked the Secretary of State to increase the guarantee; the Secretary of State said, "I will not increase the guarantee, but I will lend you some money," and he lent them 600,000 *l.*; that 600,000 *l.* is spent, and the works are just getting into operation.

6763. Mr. *Eastwick*.] Would you mention who lent the 600,000 *l.*?—I think that was done in Lord De Grey's time.

6764. Mr. *Fawcett*.] Then 600,000 *l.* was lent on very inadequate security?—On what is called the general security of the company, which is of course none; at least it is the security of the works alone.

6765. They will require more money, will they not?—Well, the works are more or less complete, and more or less in operation, and it remains to be seen what is going to happen. There is a discussion going on at the present time between the company and the Government as to what is to happen in the future, and as I am not connected with the department which manages this part of the public business at present, I do not know what the facts are regarding that.

6766. As they are only nearly completed, of course more money will be required?—I did not mean to imply that they were only what may be termed nearly completed, but rather that a certain part of them are complete and in operation; therefore it is a partial completion, because works

works of that description one may say are never what you call complete in an absolute sense.

6767. Like the capital accounts, always open?—It may be so; there may be extensions made for a long time, which would call for additional outlay.

6768. What is the next work to which you would direct our attention of that nature?—As regards the operations of the Orissa Company, what happened was this, that the Secretary of State, Sir Charles Wood, was pressed by that Company to assist them in some way in carrying out irrigation works in Orissa, and he positively declined to give them a guarantee; I do not positively know that they asked for it; it is possible that they did not; and anyhow they did not get it; but he said that he was prepared to make an arrangement with the company under which they should have the whole of the profits that arose from irrigation from any works that they constructed in Orissa, the Government giving them no assistance in a direct form. Then there were various other conditions imposed upon them, but chiefly as regards matters of detail. The Secretary of State having made that general arrangement with the company, the company endeavoured to put the arrangement into a specific form, and they drafted a contract which was propounded by them to the Secretary of State; the Secretary of State did not accept it and saw after some discussion (I think the discussion went on for two or three years) that he had made a promise that it would be extremely difficult to carry out; and the result was that the whole matter was remitted to the Government of India to dispose of, which they did in the best way that they could, and that best way was not in my judgment a very good way. The final arrangements were concluded when I was Secretary to the Government.

6769. What was the way?—Well, there was a very complicated contract entered into. I do not think that there would be any great use in going into the details, but the general form of it was this, that the whole of the profits from the irrigation works were to be credited to the company, that the company was to sell the whole of the water to the Government, and that the Government, in reality, through its officers, were to be the parties to distribute the water to the cultivating community, and therefore to be the managers of the irrigation. This obviously was an extremely complicated arrangement, and it never actually came into operation, because the contract came to an end by the Government taking over the whole concern; but I think that it would have been extremely difficult to work.

6770. Then we may fairly conclude from what you have just stated, that the Secretary of State entered into a complicated arrangement which he could not carry out, then remitted it to the Government of India, who entered into another complicated arrangement, and in the end, to get out of the difficulty, the Government bought the company at considerably above the market price of the shares?—I think that is about a fair account of it.

6771. What is the next concern to which you would direct our attention?—Another set of works on which I personally consider that more money than is satisfactory has been spent is the Kurrachee harbour. The sum that has been spent there has not been so large, as far as my recollection goes; it may be something under 400,000 *l.* at the present time.

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6772. Does that finish the expenditure?—No, that expenditure is going on, and, as is perfectly well known regarding such works, it is extremely difficult to make an estimate that can be relied upon at all of what things will cost. I wish to guard myself on all of these things It will always be a matter of opinion as to whether expenditure for a certain object is justifiable or not, and as I have also said before, anybody else has just as good a right to form his opinion as I have to form mine; and the Government that has been responsible has formed its opinion in opposition to my opinion; but still I consider that the money that has been spent upon those works might better have been spent elsewhere. I do not say absolutely that the money has been wasted; there has been no doubt a good deal of useful work done at Kurrachee, but to say the least of it, I think it is premature. I think that an exaggerated idea was formed in the first instance of the importance, actual and prospective, of the trade of Kurrachee, and I think that what might possibly be very proper expenditure, 50 or 60 years hence, has been distinctly premature at the present time.

6773. Then this expenditure, I understand, does not belong to the same category that you have just been describing; it is a misdirected expenditure rather than a bad bargain made by the Government with a private company?—These works being carried out under the Government entirely are quite a different thing from the others And I should say that when I have been talking about misdirected expenditure I do not wish at all to imply that there is no misdirected expenditure that has not originated in India; but what I say is that I think that the worst specimens have arisen from interference from England.

6774. But your evidence with regard to these bad bargains that have been made with various companies tends to show this, that the people of India may be taxed in so many different ways; they may be taxed locally by local authorities, they may be taxed by the Governor General, and the Secretary of State may carry out a scheme even against the wishes of all the authorities of India, and although he may know nothing whatever about India, and may never have spent an hour in it, which may entail heavy financial burdens on the people of that country?—There is no doubt that that is the unfortunate result of having a despotic Government managed in the sort of way that the Government of India is, and for myself I do not exactly see that there is any remedy for it.

6775. But in a despotic government you do not have usually three spending departments at the same time; that is one of the advantages which is supposed to belong to despotism, that you have concentrated responsibility, is it not?—That is as it may be; you either have or have not.

6776. *Chairman.*] You gave us one railway as a specimen of a disastrous undertaking; do you consider that the Scinde, Punjaub and Delhi Railway, which has a net receipt of 86,000 *l.*, whilst the Government is called upon to pay annually 479,000 *l.* for the interest of the capital which has been expended on the undertaking, is successful or disastrous as an undertaking?—I think

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think that viewing the results generally speaking of the guaranteed railways in India, they may be said, with one or two exceptions, to be financially distinctly failures; and amongst those that are financially the least satisfactory, there is no doubt that the Scinde, Punjaub and Delhi is one of the worst.

6777. Mr. *Fawcett.*] Speaking with regard to what the Secretary of State can do, has it not happened in the last year, certainly within the last two years, that the Secretary of State has given another guarantee to a company against the strong remonstrances of the authorities in India?—I think not.

6778. Mr. *Bourke.*] Or renewed an old one?—I should like to have my memory refreshed. If you would say specifically what you refer to I could answer the question. I can tell you, I believe, the guarantees that have been given lately. The Oude and Rohilkund Railway received a guarantee, but that was now some years ago. But the last undertakings that have been placed under guarantee have been some of the Madras lines, some extensions of the Great Southern of Madras, and the line of the new company that has lately been formed, called the Carnatic Company. My impression is that those are the only two important ones.

6779. *Chairman.*] Is that Carnatic Railway an extension of the company for which the Government have had to pay 43,500 *l.* interest to the proprietors, while the aggregate net profits on the working of the railway is only 2,600 *l.*?—I think it is possible.

6780. Mr. *Fawcett.*] Was not it done against the representations of the Government of India?—I think in that case, as in many others, the Government of India was not consulted. A large class of transactions of the Secretary of State in relation to guaranteed railways never come at all under the cognizance of the Government of India.

6781. The further we go the worse it appears; that throws a new light upon the subject. The Secretary of State who may never have spent, and generally never has spent, an hour in India, enters into financial arrangements which greatly affect the future financial position of the Indian people, and, according to your statement, does not take the trouble to consult the authorities in India as to the arrangement?—You make one serious omission. It is not the Secretary of State, but the Secretary of State in Council; and the 15 gentlemen who form the Council all have been in India the greater part of their lives.

6782. But you are aware that the Secretary of State can act independently of his Council?—Not in money matters; that is the only exception; he must have a majority of the Council in spending money.

6783. Sir *C. Wingfield.*] With regard to that question about the Oude and Rohilkund railway, is it not the fact that the Government of India did, for a long time, try to get that done without a guarantee by a company?—Yes, they did, very hard.

6784. Was the guarantee given on the recommendation of the Government of India, do you think, or was it done entirely in England?—I could not positively say that, but it was perfectly clear that the railway could not be carried out without a guarantee, unless the Government did it themselves, and it was perfectly evident that no money could be raised in England without a guarantee in some form, the Government either giving the interest absolutely, or a guarantee for the interest. The Government of India did not, and I think would not, have opposed the guarantee in this case, and may even have expressly approved it.

6785. Mr. *Fawcett.*] But with regard to the Secretary of State in Council, is it necessary for him to obtain the approval or consent of a majority of the Council, or simply a majority of those who happen to be present at any particular meeting?—I am afraid that I do not know sufficient of the rules under which the business of the Council is carried on to say that.

6786. Will you find that out, because at present your answer is ambiguous?—Yes.

6787. *Chairman.*] I think it is those present in the Council when the act is done; the words are, "present in Council," I think?—You must refer to the Act of Parliament for the words; but I think it is probable that that would be the way in which the business is conducted.

6788. Mr. *Fawcett.*] Are you aware that much of this large expenditure and want of economy and control which has taken place in the Public Works Department, and to which you have alluded, was predicted many years ago as the inevitable result of spending more money upon public works, and extending them. It was pointed out, for instance, even as long ago as 1864, by Sir Charles Trevelyan, that the public works had then been carried quite to that point at which they could be adequately controlled by any administrative machine that could possibly be devised?—I think that Sir Charles Trevelyan made use of some expressions which I should venture to call rather wild on the subject; I dare say he did say what you have referred to.

6789. Subsequent events have shown that his opinions were not wild, but that he spoke the truth; that he foresaw what was going to take place?—Well, I am not prepared to admit that, because a great many of the things that we have been referring to just now had actually occurred before 1864, or, if they had not occurred, the seeds had been sown, and otherwise I am not prepared to say that the general inference which is implied in your question is a correct one.

6790. I will not enter into an argument on the point, but the inference I draw from your evidence, after reading it very carefully, and your own admissions, is that it is the most striking corroboration possible of Sir Charles Trevelyan's forebodings; but that, of course, is a matter of opinion?—I admit that there has been irregularity, and that there has been wasteful expenditure, and I believe wherever money is spent there will be irregularity, and there will be waste; and I believe that the Public Works administration, like every other administration, is susceptible of improvement.

6791. Of course a considerable part of the expenditure for public works takes place virtually in England?—Yes.

6792. You buy your materials there?—Yes.

6793. Have you any opinions to offer on that point?—Yes, I have, and a very distinct opinion.

6794. *Chairman.*] Without going into the question now of the general profits and the cost of the State lines, with reference to a former answer that you gave, I should like to ask you

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this question. I have directed your attention to the out-turn of the Scinde, Punjab, and Delhi line, and on a former occasion you stated that regard had been had to the results of the existing lines, to some extent, in selecting the new lines. It appears, from the report of Mr. Danvers, that 12,000,000 *l.* is the first estimate of expenditure on new lines, and out of that 12,000,000 *l.* 3,000,000 *l.* was to be spent in the Punjaub Northern, from Lahore to Peshawur, and 5,000,000 *l.* in the Indus Valley, from Moultan to Kotri, making 8,000,000 *l.* out of the whole 12,000,000 *l.*; that 8,000,000 *l.* would seem to be spent in a district which has hitherto proved extremely disastrous to railway profit; do you understand that that expenditure has originated, or that this proposed expenditure of 8,000,000 *l.*, has originated mainly with the Government of India, or with the Secretary of State; which of them would you consider, from your recollection of the course of transactions with reference to these lines, chiefly responsible for initiating this expenditure of 8,000,000 *l.*?—Well, I think there is no doubt that the initiative in this case has been taken by the Government of India. But I do not think that that gives at all a complete reply to the implications that are involved in the question.

6795. Perhaps you will give your explanation of any erroneous implication that would result from the figures that I have stated?—The fact is that it is rather difficult to explain the precise position of the Government of India in relation to the construction of new railways, unless the whole question of the policy under which it is acting is taken up and explained. It is very easy to pick out some particular defect in the administrative system of the Public Works Department, and draw attention to that, and the defect, whatever it may be, may be indefensible; but it does not at all follow that the system under which that defect exists, or the method in which that system is worked, is in any way bad or in any way unreasonable. The motives which have led the Government of India to undertake the railways which they are now constructing themselves have been extremely various; in fact, they are as various as the lines themselves. The obligation, so to speak, for undertaking the line from Lahore to Peshawur is purely and simply a military obligation, and whatever expenditure becomes necessary for maintaining such a line, for providing for the payment of the interest upon it, and so forth, is just as much a part of the expenditure devoted to the military defence of the country as though it had been spent on so many soldiers. That applies to the extension of the railway from Lahore to Peshawur. The line between Moultan and Kotri is very much in the same category, and the Government of India, in writing to the Secretary of State on the subject, say that they do not think that it is a heavy charge on the revenues of India to provide railway communication at an expense, as far as my memory serves me, of 30,000 *l.* or 40,000 *l.* a year, that is the net charge that will accrue after setting off the net profits against the interest. The principal motive, again, for carrying out that line at the present time (and I put a stress upon those words) has been one of a military nature. It has been felt that it is extremely important to have it, to unite by railway the parts of India in which military operations are at all events possible; and, as I say, that is one, if not the chief, motive that has led to the immediate commencement of the Indus Valley Line, and to the desire which has been felt, no less by the Government of India than by the Secretary of State and his Council, to see that line completed. The whole of the other lines that are going on stand upon a totally different footing. The first of the State lines that I should refer to is the line from Agra to Ajmere; in the vicinity of Ajmere is a salt lake, the salt made at which is the principal source of supply of salt for the North Western Provinces and Oude. The Government of India, having recently reviewed the condition of the salt revenue, and in connection with it, the condition of the supply of salt to the North Western Provinces and Oude, has come to the conclusion that the quantity of salt which is brought into the market is absolutely less than the country requires, and than the country should have. But there are great material difficulties, at the present time and under existing circumstances, in increasing that supply. They have believed that the most certain, and, in reality, a perfectly certain, way of accomplishing that most desirable end will be to make a railway from Agra, which is in the centre of the districts where the salt is consumed, to this lake, the Sambhur Lake, as it is called, where the salt is made; this railway will, at the same time, go through another salt-producing district in the vicinity of Bhurtpore, from which also a large quantity of salt is introduced into the North Western Provinces. Thus, the principal motive of the Government in undertaking this railway at the present time has been the feeling that until a very greatly improved means of transport has been provided between the salt-producing districts and the salt-consuming districts of that part of India, the population, generally speaking, will have to pay very much higher prices for salt than is desirable, and that the actual supply which they can receive will be very much less than is required for their convenience, or even for their health. That refers to the line of railway from Agra to Ajmere, with its bifurcation to Delhi, on which also there is salt. When I am talking of salt, I should also remark that the salt supply of the Punjaub and the extreme northern part of the North Western Provinces, comes from the hills on the north of the Jhelum, and that one of the sources of revenue on the Lahore and Peshawur line, it is hoped, will be the transport of that salt

6796. The scheme that you have just been describing is the scheme for the 369 miles of railway which is to cost 2½ millions, called the Rajpootana line?—Yes. A contract has now actually been let for the portion of the work between Agra and Sambhur, that is to say, the portion of the work which is to be done in India, and the engineers there are now satisfied that the cost of that line, including everything, including the bridge over the Jumna at Agra, and all the other necessary works, and a certain necessary amount of rolling stock, will not exceed 5,000 *l.* a mile.

6797. Mr. *Fawcett.*] I understand the drift of your evidence to be this, that State railways in India are to be divided into two classes, one of which you may describe as commercial railways, and the other as military railways, thought necessary for strategetical purposes; is not that the case?—I think it would rather be that you may divide the railways into two categories, those that

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are chiefly desirable on military grounds, or would be chiefly undertaken on military grounds, and those that would be chiefly, if not entirely, undertaken on commercial grounds; because a railway, whatever it is made for, if it is made essentially and exclusively for military purposes, cannot help being of very great utility to commerce, and *vice versâ*.

6798. Then as regards a railway to be made chiefly on military grounds, of course it may be justifiable to incur the expenditure although it may yield no profit at all, it may be regarded as necessary military expenditure?—Quite so.

6799. If that is the case, if a railway is made chiefly for military purposes, and is to be looked upon as involving military expenditure, is it not a stretch of language to describe that as a reproductive work, which ought to be made out of borrowed money?—I think not; I think first of all that it is more or less reproductive; that it is impossible to predicate of any military line that it will not be reproductive, that it is the duty of the people who make it and work it to endeavour to make it reproductive. Further, that from the very nature of such undertakings it is absolutely impossible to construct them unless with borrowed money; and that on all these grounds the only way to deal with them is to deal with them as you deal with all other railways.

6800. My only object was to show that some works which are classed as reproductive are railways which are carried out chiefly for military purposes?—Quite so; and they are classed among other works of the same description, for convenience, though some of them are not remunerative, and only reproductive in a limited sense.

6801. Mr. *Hermon.*] What is about the length of that railway from Agra to Ajmere?—About 300 miles.

6802. And is that railway to be constructed at 5,000*l.* a mile?—Yes, including the bridge over the Jumna.

6803. Principally for the conveyance of salt?—I mentioned that as the immediate motive which induced the Government of India to take up that line in preference to others at that time. But it was also another important consideration that was before them when they determined to undertake the line, that it opened up a communication from the North Western Provinces into Rajpootana, which is the chief market of the agricultural produce of the North Western Provinces, and thence to Bombay.

6804. And this line contemplates carrying a considerable portion of that agricultural produce?—Yes; the fact is that the salt of Rajpootana is exported into the North Western Provinces and Oude, and the produce, sugar, grains, and different descriptions of English goods coming up the Ganges, are taken from the North Western Provinces in return into Rajpootana, and the trade is conducted on that basis.

6805. But this single line that you speak of is to be constructed at a much less cost than the other railways of India?—Yes; it is to be a narrow gauge line, and made on what we consider our improved principle.

6806. Sir *D. Wedderburn.*] And it is estimated that this line will pay commercially apart from other considerations?—Yes; I have no doubt that in a very few years, if not almost at once, on being opened, it will cover the interest.

6807. Mr. *Fawcett.*] You said that you have some very distinct opinions to offer to the Committee with regard to the expenditure for public works upon stores in England?—What I meant was this: I consider that the functions of the Secretary of State in Council may be divided into two very distinct categories; the one would comprise the duties which appertain to the control of the operations of the Government in India; and the other the duties which he performs of a directly administrative and executive nature. Under the arrangements that have been made for the carrying out of railways in India, whether through companies or directly under the State, and under any conceivable arrangements that can be made for working railways, it will be always necessary that a very considerable quantity of expenditure shall go on in England, and a considerable and important part of the establishments, that is to say, of the persons who are employed on the railways, must be recruited in England, and therefore a general direction of affairs of this description is required in England. In connection also with the operations of the Public Works Department under the Secretary of State are the telegraphs, he being connected more or less with the Overland telegraph lines; and he has in that capacity to exercise what I consider are distinctly executive functions. Besides the purchase of the stores which have to go out to India, there is the extremely onerous and complicated duty of shipping them, which is a great business in itself. Now, I consider with regard to the whole of these functions, which seem to me purely of an executive and administrative nature, and not at all in the nature of control, that the organisation under the Indian Council, under which that business is disposed of at present, is utterly unsuited for it. For the proper performance of such duties, to my judgment, it is absolutely essential that you should have a single authority; and I think that the Secretary of State to carry out duties of that sort should have under him some specific officer, probably under the designation of an Under Secretary of State, or a person something in that position, to be specifically responsible to him for the whole of the duties which arise in connection with the particular branch of business to which I am referring; that there should be an individual who should be responsible for everything that is done, or for everything that is not done in connection with the administration of that portion of the public business. And I would go further and say that my belief is that a similar sort of arrangement is desirable in relation to the management of the finances; that the control of the finances by the Secretary of State is very much more than a mere control of the Governments in India; it is to a very great extent a direct executive Government. For the reasons that I have before given, I consider that the same general considerations apply to the supervision of such business as to the public works business. As regards the mere control of what is done in India, the position is quite a different thing, and I am not prepared to say that the existing organisation may not be extremely well suitable; in fact I think that it would be very difficult to suggest anything that should be different, or different in substance, from that which does now exist.

6808. What I understand the important reform which you suggest to be is this, that you take away from the Secretary of State at the

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present time his responsibility with regard to finance and also with regard to executive and administrative works which you have described, and you transfer the responsibility which now rests upon him to under secretaries?—No; the Under Secretary, of course, would act under the responsibility of the Secretary of State. The Secretary of State is at present entirely responsible, and would remain so responsible; but at present the agency which he has at hand is a committee diluted by the Council. The real serious objection which seems to me to attach to the present system for the disposal of what I call executive business, is that it is first brought before a committee, where there is no specific responsibility placed upon any particular person for any decision come to or proposed; and that after having been dealt with by the committee, where the responsibility is subdivided to a certain extent, it goes before the Council, where it is again still further subdivided; and that thus it is perfectly impossible for anyone to lay his hand upon any single person (except the Secretary of State, who is, of course, responsible to Parliament) who shall be wholly responsible, for instance, that the rails which I am now sending out for any one of the railways in India are properly sent out, at the proper time, and of the proper quality, and so forth.

6809. Then the existence of the Council, in your mind, leads to a want of concentration and responsibility, and you want to secure greater concentration?—Yes.

6810. Therefore your reform, if carried out, would, according to my individual opinion, lead to a very great result; it would lead to the abolition of the Council, would it not; what would there be left for them to do?—I guarded myself purposely against the confusing of those duties which are in the nature of control and criticism of the acts done by the Governments in India, and discussions as to any policy about to be undertaken; with the actual executive duties which have to be performed for certain purposes by the Secretary of State, which are of a totally different nature. As I remarked before, I would not say that, as regards duties of control, that the council is not sufficient, and I would not say for myself that I could suggest anything that would be better.

6811. But then it seems to me that if you rearrange the administration of the affairs in India in the way which you suggest, there would really be nothing left for the Council to do except verbal action; they would have no responsibility, and all that they would have to do would be to talk and criticise?—I think that you have misconceived my views there entirely; I have merely referred to certain branches of the administration which, according to my point of view, are essentially of an executive nature. I do not think that the duties which the Council has to perform in relation to the control of the Government in India are either small or light, or that it requires at all a mean capacity to perform those duties; quite the reverse.

6812. But do you propose to take away from their control all financial questions and executive questions?—You entirely mistake me, if you think I have suggested that; I spoke of the administrative, the executive management. I do not say that the Council should not still be consulted on measures of policy or measures of finance; but I do say that there should be an executive head, who should have a specific responsibility; at the present time there is no one who has that specific responsibility.

6813. What I want to get at is this; suppose that the reforms that you suggest were carried out, and suppose some bad arrangement, such as you have described, were in future years made, who would be responsible; the people who are now responsible are the Secretary of State and the majority of his Council who voted with him, and of course they may be under your new plan, who would then be responsible; would it be the Secretary of State and the Under Secretary whom you propose to create, or would it still be the Secretary of State and a majority of the Council?—I suppose still the Secretary of State and a majority of the Council. But the difference I see is this. In the one case the Council would be consulted on questions of policy, and on these their opinion would be binding; but as regards the putting of the policy into action it is a totally different thing; there the Secretary of State would be supported by a person whose specific duty it was to see that the general decisions that were come to on any question of policy in the particular department which I referred to were properly carried out, and also the Secretary of State and the Council would have the assistance of a person who should be specially responsible to them for putting every question of the sort referred to that came before them in a thoroughly complete and satisfactory manner; at the present time there is no such responsibility upon any person.

6814. Would you point out the evils which exist at the present time, or could you give us some specific instances of some of the disadvantages which result from this want of responsibility to which you have alluded?—I should say, generally speaking, the loose way in which the business connected with the guaranteed railway companies has been conducted, and the extremely unsatisfactory financial results that have arisen from the operations of those companies, which could not possibly have occurred if there had been some specific responsibility put upon an individual officer directly appointed for the special purpose of preventing such objectionable consequences.

6815. Of course that is a very tangible misfortune. Is there any other disadvantage which has resulted from this want of responsibility, so far as the purchase of stores is concerned, and the quality of stores which have been sent out, and the regularity or irregularity with which they have been sent out?—I do not know that I myself am altogether in a position to give an opinion upon that, and I think it is obvious that it is hardly to be expected that I should wish to give what after all will be merely my own opinions on points of detail, nor go beyond the broad and general outlines of such a question as this, which, to some extent, involves considerations of a personal nature which I think it is hardly fair that I should be pressed upon.

6816. I will not press you on any personal point; but since your acquaintance with the Public Works Department, has it not come to your knowledge when you were in India that remonstrances have been made, sometimes with regard to the stores sent out, the irregularity with which they were sent out, and the price at which they were purchased?—Yes; quite true.

6817. And owing to these causes many of the public

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public works in India have cost a considerable sum more than they otherwise would have cost; that there has been delay in their construction; and when they have been constructed they have not been so well constructed as they otherwise might have been?—Well, I would answer all that in the affirmative, to the extent that I believe that by improving the general organisation under which the operations of the department are carried out, you might get a generally improved system of administration. But I am not prepared to say, with regard to the operations of the Store Department, that it is fair to say in general terms that they have not been satisfactorily and well carried out.

6818. But still as a fact you have felt it your duty in India in the Public Works Department to make not unfrequently remonstrances with regard to the stores which have been sent from England?—Occasionally; but I have no doubt that similar remonstrances would be made regarding operations of which I myself had the control, and therefore I am not going to say that the sort of remonstrances and the sort of objections that arose on account of lapses in the department in England were not, at all events to some considerable extent, necessary consequences of the difficulties under which any department is put which has to carry out the wishes of a very distant authority, expressed not always in the very clearest way.

6819. I am not wishing to throw any blame on particular individuals; I am simply putting to you these questions as an illustration, to my mind, of the defects of the present system on which you yourself remarked; and, in your opinion, would not this take place if the administration was improved in the way that you suggest; it would not be necessary for the Public Works Department in India to make so many remonstrances, would it?—As I said, I think if you really had a more thoroughly efficient administration in England, the result would be that there would be fewer mistakes and fewer causes of complaint.

6820. If the expenditure, as repeatedly happens on any public work in India, exceeds the estimate, who is made responsible for that?—That would depend a great deal upon the circumstances under which the excess of expenditure took place; it may arise from various causes. Excess of expenditure may arise, in the first place, from a defective estimate; if so, then the person who made the estimate would be responsible, and the officer who checked the estimate would be, in the next place, responsible; if the work was carried out in a more expensive way than was contemplated, then the officer or officers who constructed the work or who controlled their operations would become responsible; therefore you cannot say in an absolute way that any particular person is necessarily responsible under such circumstances.

6821. What authority is there in India to supervise the Public Works Department; I mean who would this censure come from, supposing there had been a defective administration in the Public Works Department; suppose more money had been generally spent than ought to have been spent, who would be the person to inquire into the operations of the Public Works Department?—Ultimately, in anything of a serious nature, the report would come to the Government of India, and the Government of India would have to express its opinion on the subject, and I may say that a very large portion of the 12 or 14 years that I have been employed under the Government of India, has been devoted to that pleasant occupation of finding fault with defects in the administration. I think that the Committee will be left altogether under an erroneous impression if they think that the Government of India is at all lax in the performance of that part of its duties, and I may remark that an order which was referred to by Mr. Fawcett, a day or two ago, that was issued by Lord Mayo, censuring certain officers, is after all merely one of many orders, I do not say precisely of a similar scope, or having quite the same object, but one of many orders that have been issued by way of improving the tone and style in which the work of the Public Works Department is carried out, and thus far is not at all exceptional.

6822. You are referring to Lord Mayo's severe censure of the construction of barracks?—Yes.

6823. But this is the point, has anything been done except just a censure; have any improvements been introduced in the administration to prevent the recurrence of a similar state of things to that which Lord Mayo so severely censured?—I think so; I think that the greatest improvements have been made and continue to be made. The wants of a system of administration like that of the Public Works of India are constantly varying; the precise character of the work changes, the individuals change, and the systems alter, and there is a constant movement in the administration which requires constant attention; and my own belief is that as regards the mere technical administration within the department, both as regards the actual execution of the work, and as regards the keeping of the accounts, the Indian Public Works Department will show quite as well as any other body of a similar description in any part of the world.

6824. When was that censure published; two years ago, was it not?—I think so. And here I would ask permission to offer some words in explanation of an expression which has very commonly come from my mouth, and from the mouths of gentlemen in the room, "Public Works Department," which is used in such an elastic sense that it is very apt to cause confusion of ideas. When one talks in England of the War Office, one understands perfectly what that means; you talk of the War Office and you talk of the Army; you talk of the Board of Admiralty and you talk of the Navy; if anybody says that the Admiralty is badly conducted or is lax in its operations, one perfectly understands that that does not refer to the captains commanding Her Majesty's ships, and in like manner with the War Office; but unfortunately in India the expression Public Works Department not only includes the directing body under the Government of India, but it includes the whole of the organisation down to the very persons who are employed in breaking stones on the road; and, therefore, when you say that the Public Works Department is responsible for this or that which the Public Works Department has done, there may arise great confusion of ideas; for, as often happens from a want of precision in the use of words, there may follow a confusion of ideas, which is something much worse. That is the first remark I would make. And the next is this, that there is, I think, an idea prevalent among the Committee that the Public Works Department, under

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der the Government of India, has a much more specific separate existence than in reality it has. There is an idea apparently that the Public Works Department is something as essentially different from the Financial Department as the War Office is from the Board of Admiralty. Now it is no such thing. The body that controls the operations of the Public Works Department is the Governor General in Council; the body that controls the operations of the Financial Department is the Governor General in Council. In any case, therefore, in which reference to the supreme authority is necessary, a question will be referred whether it goes up through the Financial Department, or whether it goes up through the Public Works Department, to the same set of men, the Governor General and his Council. In any mixed question, if it is of sufficiently serious importance, when the Governor General and his Council were discussing such a matter, the administrative heads of the Public Works Office and the Financial Office, would be called into the room and they would hear what was going on, and a general decision would be come to by the Governor General in Council, after having heard the whole of the arguments in one way or the other: and thus it is that it seems to me, that very wrong notions may be formed if the answers I have given to such questions as have been put to me, regarding the control of the Financial Department over the operations of the Public Works Department, are left unexplained. In reality the two departments are both of them ultimately the Government of India, the Governor General in Council. The Government in India has not taken that form, with specific and sharply defined branches of administration which the Executive Government has taken England. There is no departmental authority in India corresponding to a Secretary of State. I have felt that it has been necessary for me to make those explanations, because I think that there has been a vein of misconception running through a great many of the questions which have been put to me, which I should desire to remove.

6825. But does not the tenour of your explanation, rather show that there is a great want of that concentration of responsibility in the Government of India which you say is so important?—I think that is true, but all that I can say regarding it, is that the tendency to the concentration of responsibility is steadily going on; that in the year 1872 it is much more than it was in 1862; that in the year 1862 it was much more than it was in 1852, and so forth. As the business of the Government becomes heavier, and the responsibilities are heavier, that concentration of authority and responsibility has become more and more important, and its necessity more fully recognised.

6826. Mr. *Birley*.] You have told us that a large proportion of the expenditure for public works necessarily takes place in England, is not that so?—A sensible proportion.

6827. And that it would be very desirable to place that under some higher authority than at present exists; an Under Secretary of State for instance, you suggested?—I said something of that sort.

6828. I believe that that expenditure takes place entirely, or almost entirely, in consequence of instructions or indents from India, is not that so, and that it is not initiated by the India Office here?—It is almost entirely of that nature. When I say that, that refers to the particular branch of business which you more specifically mention, the direct expenditure, for there is a great deal of other business; but as regards the expenditure, you are quite right.

6829. For instance, if rails or locomotives or stores of any kind have to be sent out, the instruction, rather the orders, come from India to the India Office here?—Yes.

6830. Will you tell us, if you please, why you think that that would be better administered by a high officer, such as an Under Secretary of State, than by a well-qualified head of department?—I think, perhaps, you have a little misunderstood my suggestion. No doubt it was put in a very general way, and before it could be shown how it would be specifically applicable, I should have to explain a great many things in detail. But I will endeavour to give an illustration. The person on whom the duty at present devolves of superintending the purchase of rails or locomotives for the State railways is myself. An indent, as we call it, comes from India for certain things, then it is referred to me to make a suggestion as to what should be done, whether it should be carried out, and to what extent, and so forth; then on my recommendation, measures are taken for making the purchase. But I do not act singly in that; I am one of the authorities consulted, the other chief authority is the Store Department. Here at once there becomes a joint authority. Then occasionally a question will arise whether a particular thing that is referred to in an indent shall be ordered, or whether it will be desirable to order something else. Here comes another question of discretion. Under certain circumstances such matters would go to the Railway Committee for decision, and that is a third authority.

6831. The object is to order what is most efficient and economical, I suppose?—Yes.

6832. What would be the difficulty that you feel in the present system?—The difficulty that I have felt, and that I continue to feel is, that there is no general authority having the power to dispose of all questions that arise in connection with our business. If I seek for such an authority I cannot find him.

6833. In fact, if you wanted to buy so many thousand tons of rails before 12 o'clock, you could not do it?—No.

6834. You want to have some authority with whom you could instantly consult and decide?—Yes, that there shall be an authority in a position to settle every question that can arise in connection with that branch of business; but not only that, and not only an authority who can settle, but whose specific business it is to see that it is settled and that it is settled rightly, which is a most important part of the matter.

6835. In fact, that you have to transact mercantile business without having the immediate authority which such business requires to control it efficiently?—I think so.

6836. You told us also, in regard to the guaranteed railways, that a great paramount authority concentrated in a single person is desirable at the India Office?—Yes.

6837. Will you tell us for what reason?—Without the least difficulty I can assign a reason. Up to the present time, I believe that the accounts of not one single one of those companies

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is in what I should consider a satisfactory condition. Up to the present time there has not been what I should consider a satisfactory control maintained over the expenditure or working operations of any one of those companies. I personally have been trying for years to do what I can to get these defects recognised and remedied, but without success; and I say, without any hesitation, that the reason why those defects still remain, and why there has been a difficulty in recognising their existence, is the want of such a responsible officer as I have spoken of.

6838. Some high paramount authority in London that could deal promptly with the railway?—Certainly; and I do think that the existence of such an authority would in the smallest degree of necessity interfere with a co-ordinate, or, if you please to call it, a paramount jurisdiction on the part of the Council. For instance, the general course of policy to be pursued might be very readily referred to the Council, also general estimates for the expenditure during the year might at the commencement of the year be passed by the Council, and then the carrying out of the details of all measures would be left to the executive authority in direct communication with the Secretary of State, and under the specific responsibility of the Secretary of State.

6839. Of course, all the important proceedings which he has carried out under his own discretion he would submit, as soon as conveniently might be, to the Secretary of State in Council?—Quite so; there would be no difficulty at all in making rules and regulations under which that sort of purview of his operations might be made.

6840. Now, as regards the public works in India, what, in your opinion, would be the best mode of action in regard to deciding upon important public works, works involving the expenditure of millions, perhaps?—I am not prepared to say that I should recommend anything in the shape of any considerable change of the existing system. I think that what is wanted, is to support and to reinforce it.

6841. I thought from what you said at the end of your examination by the Honourable Member for Brighton, that you would rather be of opinion that a separate department in India should have that duty?—I stated that I thought there should be a special Member of the Council of the Governor General charged with the duty of controlling the public works administration. Further, I would explain, that in reality, and up to a certain point, the position of the Secretary to the Government of India, in the Public Works Department, is that of a second-rate Member of Council; he has a great quantity of onerous duties to perform; but (and I speak from my own experience, having held that office for many years), I say without any hesitation at all, that the secretary in a department has not the necessary authority, he has not the power to get himself heard. Many things have been done that I have been perfectly satisfied ought not to have been done, or ought to have been done that were left undone, but as to which I was not in a position to get the Government to listen to what I said; and it was not to be expected that everybody would see with my eyes, and, so far, I have no cause to complain; but I do say that there has not been up to the present time in India a person having that power of expressing his opinion on public works questions, and of insisting upon attention being given to it, which is wanted.

6842. He has not that status in the Government of India which you think such a responsibility absolutely requires?—Quite so; and I further say that nothing can be more mischievous than to give any great authority to any individual officer under the cover of somebody else's name. I do not affect to shirk the responsibility which rests upon me personally for what I have done, or left undone in India, during the time that I have been connected with the Government; I have given a great deal of advice, and, to a considerable extent, the advice that I have given has been taken and acted upon; but what I say and feel is, that the fact that those measures which I have advised have been carried out under somebody else's name, who is apparently their author though not really so, is mischievous, not to the public service only, but to me; that it makes me a less useful servant.

6843. Under whose name have those measures been carried out?—The Governor General in Council.

6844. I am not sure whether you have told us, on a previous occasion, what is your opinion as to the best mode of carrying out great public works; whether by contract, or by the direct action of the Public Works Department?—I do not think that any general rule can be laid down upon that; it depends so very much upon the conditions under which labour is to be found, and upon the possibility of getting a decent contractor; you are occasionally able to find a contractor who will offer to do the work at a reasonable rate; but there is a very great difficulty in getting a substantial contractor in India. There are very great difficulties in dealing with the great contracting houses of England; they require enormous profits, obviously; it is unnecessary to explain why, but they do; and the contractors who really are the useful people to deal with, are the local contractors, men, with not very large capital, but still with enough to carry works on a moderate scale; unfortunately, we have only a few such houses in India, but whenever we see our way to making use of them, we do it, and do it with satisfaction.

6845. At any rate you object strongly to the system of guaranteeing companies a fixed rate of interest upon a large amount of capital?—Most unquestionably.

6846. Can you tell me whether such a system of accounts is kept in the offices that you can tell pretty well the degree of reproduction upon all these works, the actual returns?—I think I explained the last time I was here, that the forms in which such accounts should be kept have been more or less discussed and more or less settled, but that there are difficulties as regards certain classes of works in arriving at a satisfactory conclusion; that I believe that a conclusion is in the course of being arrived at; and as regards the irrigation works, I have got, since I was in the room last, the last returns which have come from India, which still, though they show in a rather more tangible form the results of those irrigation works than has been producible before, still are to my judgment very imperfect.

6847. Sir *D. Wedderburn*.] In speaking of the Public Works Department, and referring, I suppose, more especially to their engineering functions, I think you said that they were liable to be judged with peculiar severity, because their work was tested by the powers of Nature, judges

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judges that would never forgive them a mistake; I suppose you would admit that good and skilful work is equally recognised by the same judges?—Yes.

6848. So that if the failures bore a conspicuous proportion to the total number of undertakings, we should be justified in making an unfavourable estimate of that department?—Yes; and we should be quite ready to accept that test.

6849. When you said that nothing worthy of the name of public opinion existed in India, I understood you to mean that no adequate or organised means existed of bringing public opinion to bear upon Government?—I think more than that; I think, looking at the general condition of the population of India, that the proportion of the inhabitants who literally know nothing whatever either of the Government or of its proceedings, is so enormous, as compared with the part of the community that does know, that it is hardly fair to talk of public opinion in the sort of way in which it is talked of in a European country.

6850. But surely the Native press shows that there exist in that community, as in all others, public wants and wishes, and opinions as to the acts of Government?—I do not mean to say that there are not individual natives (for that is a very different thing) who thoroughly appreciate what is good and what is bad in our Government, and, what is more, are perfectly capable of expressing their opinions upon the subject

6851. But you would admit, would you not, that whether these opinions are wise or well founded or not, still they do exist among the natives of India, as to our action in local taxation on such matters?—Certainly; and I also admit that whatever expression of public opinion there is, is worthy of attention.

6852. And it would be very desirable if they had some direct means of bringing it to bear on the action of our Government?—I think so; I should think nobody could doubt that the very weakest part of our administration in India is the difficulty of getting public opinion to bear upon us and upon our work; I am sure that I have always felt it to be so.

6853. Mr. *J. B. Smith.*] I am anxious that you should define precisely what you mean by ordinary public works?—I think that it is first necessary to repeat what, I rather think, I have said before, that we do not classify works, but we classify expenditure; that when we talk, therefore, of ordinary public works we mean public works paid for out of the revenue of the year; that the terms ordinary and extraordinary are financial terms, and not terms of the Public Works Department.

6854. Of what nature are those ordinary public works that are paid for out of revenue?—They include, first of all, all charges under the head of repairs absolutely, and under the head of new works they would include all works which the Government has not determined are of a character to be carried out with borrowed money.

6855. How would you class barracks?—Barracks fall under the head of ordinary.

6856. But would you consider that it was a sound policy to borrow money for ordinary public works, for barracks, for instance?—When I say that the expenditure on barracks comes under the head of ordinary, I mean that it does now. For one or two years, I do not exactly recollect the length of time, the Government had come to the determination that it would borrow the money for completing the new barracks that were required in India, but after that period this decision was reconsidered, and it was determined that the whole of the expenditure on the barracks should be thrown under the head of ordinary, that is to say, should be met from the revenue of the year.

6857. And they have been so made?—They have since.

6858. Only partially so?—For the first year or two the money was borrowed, or spent in excess of the revenues; and when the original arrangements were made under which the general new barrack scheme was taken up, the idea was that the revenues could not support the charge, and that it would be necessary to borrow from 8,000,000 *l.* to 10,000,000 *l.* to complete them, and the Government of India accepted that position.

6859. Has there been any fund assigned for the payment of the interest and of the principal in those cases?—No, the interest merely appears under the general charge of interest in the published accounts of India; there is no subdivision of the interest charge; it all appears under the head of interest on debt.

6860. What do you define extraordinary public works to be?—Extraordinary public works are those public works the funds for carrying out which are supplied from borrowed money exclusively. I do not say that public works, to which borrowed money is applied, do not also receive grants from revenue; the exclusion is in the other direction.

6861. Then you suppose that all such extraordinary public works are expected to be reproductive works, that is, to yield an interest upon the outlay upon the works?—As a rule that would be their character, but not necessarily so.

6862. Then, after all, the revenues may be called upon to defray the interest upon the borrowed money for the extraordinary public works?—Yes, they may.

6863. What do you consider a sound principle in those cases where money is borrowed for the execution of public works; would you say that there ought to be a certain sum every year set aside for the payment of the interest, and for the extinction of the debt?—I would ask you, if you please, to let me postpone giving my opinions on this subject to another day, because there are papers which I should like to refer to in answering that part of the inquiry which I was quite prepared for, which I have not brought here to-day. It is a most important subject, and I should wish particularly to explain what has been done in that respect.

6864. Sir *C. Wingfield.*] Did not Sir Stafford Northcote lay down a very strong rule on that point; did he not say that no works should be constructed from loan, save such as could be considered remunerative; that is to say, would yield a return equal to the interest of the money borrowed?—It is quite possible that he may

6865 But you do not think that that has been very strictly acted up to?—No; but the disposition has been to refuse to allow money to be spent upon any work as to which either there was not reasonable expectation that it would be distinctly remunerative, that is to say, that the income of it eventually would pay the interest charge, or that it was in the position of one of those State railways which the Government undertakes as a matter of policy.

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6866. But with that single exception of State railways, the rule laid down by Sir Stafford Northcote is observed?—We strive to observe it; it is our intention to observe it; the future, of course, will show to what extent it has been observed; but the archives of the Government of India are filled with discussions between their officers and the officers of the local Governments on the subject of the returns to be anticipated from works for which grants of borrowed money have been asked, and the Government of India has constantly, repeatedly, and resolutely refused to allow grants of borrowed money for certain works, because they have not been satisfied that they will be remunerative. And more than that, where, on the representations of any Government that a work would be remunerative, and when there was *primâ facie* evidence that it might be, and that the Government of India has provisionally allowed a grant, it has been careful to require such a Government to pay back the grant in some subsequent year, if eventually the Government of India has not been satisfied with the character of the work. There have been several occasions of that sort.

6867. Mr. *J. B. Smith.*] It appears from the reports on railways in India that the capital expended up to March 1870 amounts to 91,102,810 *l.*; that, in addition to that, there is 4,009,000 *l.* loss on exchange, the difference between 1 *s.* 10 *d.*, a rupee, and the absolute exchange; then, in addition to that, the railways have cost 7,000,000 *l.* for land; and in addition to that, there has been paid for interest upon the capital beyond the traffic receipts a sum amounting to 17,590,000 *l.*; making a total of 119,695,000 *l* Now we will take that in round numbers at 120,000,000 *l.*; the railways have cost the Government 120,000,000 *l.*; and I see by the returns that the net receipts amounted for the year 1870 to 2,846,000 *l.* If you take it in round numbers you have this; the interest on the railways amounts to 6,000,000 *l.*, and the receipts amount to 3,000,000 *l.*, so that there is a loss of 3,000,000 *l.* *per annum* upon the existing railways; and I have got the return now for 1871, and I see that the receipts are rather less than they were the previous year?—Well, the general state of things that you have described, no doubt, is correct. As to the particular figures, I think that there is something to be said about them, and that I could not accept them; but the general scope of your observations is correct.

6868. In the face of these facts, are the Government about to make new railways for the purposes of developing the resources of the country, or are they merely for political objects?—Both.

6869. Which are those which are for the development of the resources of the country?—The only two lines that are being carried out for political objects, are those in the Punjaub and Scinde, the Indus Valley Line and the line from Lahore towards Peshawur.

6870. Those are the largest lines and will involve the largest expenditure?—No, not altogether; one of them, the line from Lahore towards Peshawur is extremely expensive on account of the bridges.

6871. What would be the cost of that?—I am not prepared to say off-hand; it will cost about 10,000 *l.* a mile.

6872. The proposed expenditure on State lines is 12,000,000 *l.*?—I do not know anything about those figures.

6873 *Chairman.*] In the Report of the Government Director of Indian Railways in London for 1871, it is stated that the State railways at present sanctioned are estimated to cost 12,000,000 *l.* (*handing the report to the Witness*)?—Well, some of these figures are not correct. I do not know where Mr. Danvers got them from, but they are not correct.

6874. Mr. *J. B. Smith.*] Are they very far wrong?—Well it is a very difficult thing to carry the cost of long lines of railway in one's head. There is 3,000,000 *l.* put down here for the line from Lahore to Peshawur. Now the line from Lahore to Peshawur has not been sanctioned, to begin with. The line that has been sanctioned is from Lahore to Rawul Pindee; the Secretary of State has not sanctioned anything beyond; it has been talked of.

6875. Has it been sanctioned from Moultan to Kotri?—From Moultan to Kotri, in a general way, has been sanctioned. The Estimates have not been prepared, but approximately, instead of costing 5,000,000 *l.* sterling, as stated here, it will cost, to the best of my belief, about 3,000,000 *l.*

6876. Now, have you any expectation that these lines in Scinde, which you are projecting, will be more profitable than the existing lines in Scinde?—I think that I have answered that before, that the belief is that the line from Moultan to Kotri will lead to a charge on the revenues, after setting off the net revenue against the interest of 30,000 *l.* or 40,000 *l.* a year.

6877. You are aware that, according to the report here, the present expenditure on the Scinde railways amounts to 12,000,000 *l.*?—I daresay.

6878. And that the Government have paid upon this outlay, interest of about 3,100,000 *l.*?—Yes.

6879. So that the cost of the railway is 15,100,000 *l.*; now, are you aware that the income in the last year was only 86,402 *l.*, which amounts to 11 *s.* 6 *d.* per cent per annum upon the outlay?—The Scinde, Punjaub, and Delhi concerns, no doubt, are the worst of the whole lot that the Secretary of State has got; but I should say generally, that I do not accept the propriety of making a calculation in that fashion. I do not see (as I think I have explained before to the Committee) the propriety of adding the charge for interest to the cost for construction. I do not know that it is necessary to repeat what I have said about that, but that continues to be my impression.

6880. Supposing that the Government had not this interest to pay, supposing the traffic upon the railway had yielded the interest which the Government are bound to pay to the company, amounting to 3,000,000 *l.*, would not that 3,000,000 *l.*, which they have now to pay as interest, have gone to the reduction of the debt?—I think that most probably it would not.

6881. Might it not?—It might have done so, certainly; but I would say that it does not do to indulge in speculative finance; that it is impossible to argue that, because such and such sums of money would not have had to be spent under certain circumstances which have not happened, therefore certain other things would have happened which have not really happened.

6882. But

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6882. But do you think that the Government can go on in this way, unless they make up their minds to march to bankruptcy? — When the Government undertook these railways, it made up its mind to spend money upon them, and it made up its mind to spend money year by year out of the revenues of the country. When Lord Dalhousie proposed to make railways all over India, he did not expect to get the railways for nothing, and we have not got them for nothing. There was never any expectation that they would not cost the State money. It is a different question altogether whether it may not be conceivable that they might have been made at a less charge on the revenues.

6883. Mr. *Fawcett.*] But Lord Dalhousie thought they would pay? — His fundamental idea was not that he would make these railways because they would pay; he had a hope that they might pay either directly or indirectly, and personally I am not prepared to say that they have not paid; on the contrary, I believe that they have paid.

6884. Mr. *J. B. Smith.*] Is it not necessary for the Government, before they enter into new speculations of this kind, to look at what the past has been?—Most surely and certainly, and they have done so, and have done so with the greatest care, and in my belief with a perfect appreciation of the obligations which rest upon them in that direction. It was, I may say, the keen perception of the condition of things which had arisen in consequence of the great expenditure on the guaranteed railways that led the Government of India three years ago to come to the conclusion that it was impossible to go on spending money according to the old system on railways, and that a new plan must somehow or other be devised, or that the making of any more railways in India would be absolutely impossible

6885 Do you think that it is desirable, in the present state of the Indian finances, for the Government to engage in further outlay which is unproductive?—I think that it may be judicious. I do not think that it necessarily is injudicious. I think that all such expenditure requires great caution, and I believe that whatever expenditure has been sanctioned, has been sanctioned with suitable caution.

6886 But is there any prospect of the Government revenue increasing to such an extent as to enable them to meet new losses upon unproductive works?—I think there is. I have every reason to think it.

6887. Do you think that it is wise with a fluctuating revenue like that of the Indian Government, one year opium producing 6,000,000 *l.*, another year 8,000,000 *l.*, to enter into large engagements for unproductive works which may involve the borrowing of money?—I think it may not only be wise but necessary.

6888. How do you propose to meet the deficiency in the revenue? — By prudence and economy generally.

6889. If they be ever so prudent, supposing the opium revenue, for instance, which last year produced 8,000,000 *l.* should fall to 6,000,000 *l.*, what must the result be?—I am not aware that I have said that it is desirable to go on keeping up the public expenditure very close to a growing public income. I have not said that, on the contrary I think that to do so is extremely dangerous, not only in India, but everywhere else. I do not admit that the Indian revenue is extremely liable to great fluctuations, which cannot be foreseen. I do not admit that the fluctuations in the opium revenue have been of the nature that is commonly attributed to them; or that they have been due to the causes that have been commonly assigned to them. I believe that to a very great extent the fluctuations in the opium revenue have been the result of want of skill on the part of the people who have had to manage the transactions of the opium department

6890. You do not dispute the facts of these fluctuations in the revenue?—Not the least. At the same time I should say that it is not to be disputed that the opium revenue has steadily been increasing, and that for the last year or two, taking a reasonable average, it has been higher than it ever was; and also that, so far as I can see, there is nothing to indicate that it is likely to fall.

6891. I have in my hand the financial statement for 1872–73, in which the estimate is a surplus of 237,000 *l.*; do you think with such a surplus as that the Government are justified in entering into large engagements which involve borrowing money for unproductive works?—I do not see why they should not be. I am of course not prepared to defend the financial arrangements of the Government of India for the year 1872–73; I know nothing whatever about them, and I do not know that my opinion on their prudence would be worth very much if I gave it; but still I do not see that necessarily on an estimate of that sort it would be imprudent to go on with the construction of works from borrowed money in the way that the Government of India has been doing and is doing now.

6892. Sir *C. Wingfield.*] There is a passage in a minute written by Sir John Lawrence in 1859, which seems to lay down a view rather different from yours; he says, "Blindly to enter upon an indefinite scheme of railway extension without considering the financial results of so doing, merely trusting to the probable growth of the Indian revenues to make good all necessary charges for interest is a course which has been advocated, but which cannot be seriously discussed by those responsible for the finances of the country. To the full extent to which we are satisfied after due inquiry that it is from time to time safe for us to go, let us go. But no progress can be real or permanent which is not consistent with a healthy condition of the finances"?—I do not know that anything that you have read is in the smallest degree opposed to my own views.

6893. Mr *J. B. Smith.*] Do you know that there is great dissatisfaction in India at present on account of the income tax?—I do not know that, nor am I prepared to answer that question in the affirmative.

6894. You know the fact?—No; that is exactly what I do not know. I know that there is dissatisfaction among a certain class, and that it has been very loudly expressed; but that it is general I do not admit.

6895. Has not that dissatisfaction induced the Government to reduce the income tax?—That is possible; whether it has been reduced wisely is another thing.

6896. We will suppose that that dissatisfaction might induce the Government to abolish the income tax, but would it not be impossible to do so with a large increase of expenditure on account of

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borrowed money for public works, which will not pay?—Well, it is obvious that if the charge for debt goes on increasing without any corresponding increase of the revenues, it is impossible to abolish existing sources of revenue; that stands to reason.

6897. Would you feel yourself justified, if you were the minister of finance, in recommending outlays on public works under such circumstances?—Yes, certainly; I consider that the general conditions of the finances of India are extremely hopeful and satisfactory; I think that for a few years there was a considerable want of caution in spending money, but I believe that under Lord Mayo measures were taken which practically have finally put a stop to that sort of thing; and I think that if Lord Mayo had been able to carry out all the schemes for improving the administration of the finances of India which he had formed, he would not have left India until all the causes of complaint, which no doubt have arisen during the last years, had been completely and satisfactorily removed.

6898. But you are probably aware that these estimates are founded on the reforms which Lord Mayo introduced; I see the ordinary expenditure is estimated at 48,000,000 *l.*; it was two years ago 51,000,000 *l.*, therefore you cannot reduce again; there is not the same margin for reduction as there was, and, notwithstanding that, there is only a surplus of 237,000 *l.*?—You can fairly rely upon that natural steady growth of the revenue, which has gone on steadily, and which would have been quite sufficient to keep the finances of India in a thoroughly satisfactory condition if a steady growth of the administrative charges had not been going on at the same time. The arrangements which Lord Mayo has put into force will virtually prevent that growth of the administrative charges, that is to say, I believe that they will; and I believe more than that, that they will introduce into the local administration of the finances a totally new spirit; that they will introduce a spirit of economy which had no existence before, and that they will be productive in every way, both as regards the administration and as regards the finances, of effects which very few people at the present time appreciate.

6899. Mr. *Bourke*.] With reference to what has been called this decentralisation scheme, the main object of that was to induce the local governments to exercise as much economy as possible in the expenditure of public money?—Certainly.

6900. Now, it did not give them greater powers of taxation than they had before, did it?—Not at all; none.

6901. Now, applying your mind to the questions which have been asked you by the honourable Member for Brighton, with regard to the increased taxation which he seemed to think, and possibly justly, has taken place lately with regard to these local works, did the system that was introduced of local taxation give greater facilities than before existed to the local governments to tax the people?—It made no change whatever.

6902. With regard to the railways, do you think that the guarantees for economy on the part of the Government of India that now exist with regard to the guarantee system are sufficiently efficient?—No, I do not; the Government of India has done of late years a great deal, but a great deal still remains to be done.

6903. They have no power in fact of dismissal of the officers of the railways at all, have they?—They have no such power; but I should say that I do not think that, accepting the guarantee system, and admitting that we have to work under it, the exercise of a power of that sort would really become necessary, if there was what I should consider a really healthy accord as to the absolute necessity for effecting a much more rigid economy in the operations of those railway companies, I mean a more complete accord between the Government of India and the Secretary of State than exists. I do not think there is that accord without which it would be impossible to expect what I should consider to be thoroughly satisfactory results.

6904. How does that want of power affect the economy of working?—The power that the Government of India has of controlling the operations of the companies depends practically upon their officers obtaining a real complete insight into the whole of the details of the working of the railways. Now we have no such thorough and complete insight. We have been striving for many years to get it, and more or less we have been improving, and we know rather more than we did; but up to the present moment the accounts and the returns which we get from the railway companies are extremely defective. I may mention as a fact to illustrate what I say, that after the issue of the report of Lord Derby's commission on railways, which recommended a certain uniform system of account for the English railways, the Government of India, I believe on the advice of the Secretary of State, prepared a somewhat corresponding form (the conditions in India were not quite identical) for Indian railways; the Government of India drew out a form meeting the requirements of the case as well as they could; there was a good deal of discussion about it, and a good deal of opposition on the part of the railway companies, which was perhaps natural, and the Government of India gave in a little, and the railway companies gave in a little, and it ended by a form being generally accepted, not without a certain amount of grumbling, which has been prescribed for future use. I have seen within a week the accounts of one of the principal of these companies, the Great Indian Peninsular Railway Company, still drawn out in the old form in spite of the repeated orders of the Government of India to the officers of the companies in India, that the new form should be followed. Somehow or other these orders do not produce the result desired, and the old form is still adhered to. I do not know whether any of the other companies also use the old form, but I have seen the accounts of that particular one, and I know that they have not adopted the form prescribed, which, however, has been accepted for the East Indian line and the Madras line.

6905. Mr. *Cave*.] Is there any penalty in the Indian Act on companies for neglecting to send in accounts in that form?—No; that is one of the excellences of the guarantee system, that any penalty that does fall upon the railway company is paid by the Government out of its own pocket.

6906. *Chairman*.] That is to say, the ultimate penalty is to forfeit the contract, is it not?—If the case is so extreme as that.

6907. Then

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6907. Then they are paid off at par?—It is a question whether that is a penalty or not.

6908. Mr. *Eastwick.*] You would have the most information respecting the matter of barracks, would you not?—Colonel Crommelin, I think, is still in England, or he is within reach of England, and he would know a great deal more about them than I do.

6909. Mr. *Bourke.*] With reference to the future contracts that may be made between the Indian Government and the railroad companies, do you think that the old contracts ought to be revised, and that with regard to new ones improvements ought to be introduced, so as to give the Government greater security than they have at present?—Well, I confess that my own conviction is, and long has been, that the only thing for the Government to do is to take the first opportunity of purchasing the railways; I do not think that anything short of that is practicable.

6910. Mr. *Cave.*] Can they do that by the original constitution of the railways; is any time fixed, as there was for the English railways, for purchase by the Government?—Yes; under the original contract there was a power to purchase after 25 years and after 50 years.

6911. Mr. *J. B. Smith.*] As to the gauge, I believe that your projected railways are upon a narrower gauge than the old ones?—Yes.

6912. Are you aware that in this country the two railways which had a different gauge from the other railways have been obliged to change them?—Yes.

6913. Are you aware that in America they are changing their gauge all over the country, and adopting one uniform gauge?—In certain parts of America they are going in very extensively for the construction of narrow gauge railways, 3 feet 6 inches.

6914. Those are feeders, I suppose?—No, new trunk lines, they are not in any sense feeders.

6915. You are quite satisfied about the policy of having a break of gauge?—Certainly

6916. I remember sitting on a Committee in which there was a contest between the Midland and the Great Western Railway Companies; the Midland wanted to get the traffic of the Welsh coal mines and minerals, and they projected a railway that should tap all these lines; the Welsh lines being on the narrow gauge, they succeeded. I remember that the Committee said to themselves immediately afterwards, "This will involve the necessity of the Great Western adopting the narrow gauge," and so it has I was talking on that subject to Sir Daniel Gooch, the chairman of the Great Western Railway, a day or two ago, and I told him that I thought that these Indian lines were chiefly for political objects, the conveyance of troops, and so forth; then, he said, it would involve the expense of keeping two sets of engines and carriages. If you have got a number of troops that you want to send to a certain place, if you had one unbroken gauge you could convey your troops from one end of the line to the other, but under this new system you must carry your troops to one point, and there discharge them into new carriages, and you must have a new set of engines and carriages to take them on the other gauge; he considers that it would be a very bad policy, and he says that the saving of expense is nothing compared with the inconvenience that you sustain; what is your view of that matter?—My view is simply this, that for England, and for the conditions of railway traffic in England, the idea of having anything but a single gauge is madness, and particularly in the year 1872; but that the conditions that exist in England are as utterly different from those that exist in India as is conceivable; that in no single respect are railways in England carried out in the same manner as they are in India. If there was no question of money, if by putting my hand into a Fortunatus's purse I could draw out as much money as I want for railways in India, I for one should never have dreamt of a narrow gauge; but unfortunately we have no such purse to go to. The question which the Government of India had to settle was, whether they would have cheap railways, or whether they would have none. It was not whether, in the abstract, a 5 foot 6 inch gauge railway is better or worse than a 3 foot 3 inch; not at all. The actual fact of the economy in first cost of narrow gauge lines is established. As I have mentioned to the Committee a little while ago, we have what I consider to be thoroughly satisfactory evidence at the present time that the line from Agra to the Sambhur Lake will be constructed, including a certain moderate supply of rolling stock, for about 5,000*l.* a mile. The last estimates that I have seen for the line from Moultan to Sukkur, along the Indus Valley, in which a very heavy drainage has to be provided for, and a large bridge over the Sutlej at Bhawulpoor, show that it will cost something over 6,000*l.* a mile, there is I think an increased land carriage, so that the charge for transport of materials is heavier on that line. Therefore comparing these sums with the cost of the old system of railways in the very cheapest form, which, under the circumstances in which these lines are being made that I refer to, could not have been less than from 10,000*l.* to 14,000*l.* a mile, I say that the enormous advantage is at once evident as regards the first cost, and that the advantage which the Government of India hoped to get has actually been realised.

6917. Mr. *Bourke.*] Considering the condition of the finances of India, it is a question between these narrow gauge railways and none at all?—Quite so.

Tuesday, 18*th June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Stephen Cave.
Mr. Charles Dalrymple.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir JOHN WILLIAM KAYE, K.C.S.I., called in; and Examined.

Sir *J. W. Kaye,* K.C.S.I.
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6918. *Chairman.*] WILL you kindly state what office you hold?—I am what is called in the India Office, Secretary in the Political and Secret Department of the Secretary of State for India in Council. The office corresponds with that of the functionary who is called the Foreign Secretary in India. The business of the office is with the external relations of India, and with the native States within the circle of our Government.

6919. There is an item in the accounts of the revenue and expenditure of the Government of India, showing allowances and assignments out of the revenue, for the year ending 31st March 1871, amounting to 1,756,973 *l.*?—It is what we call in India about a crore and three-quarters, that is about a million and three-quarters. It is a payment made chiefly to the extinct dynasties of India.

6920. Will you be good enough to give some explanation of this expenditure in detail, beginning with the family of Tippoo Sultan?—I had better, perhaps, state generally the cause of these expenses. It is this, that as we by our wars and diplomacies have succeeded in extinguishing most of the native States of India, we have always taken a liberal view of those who have been extinguished by our arms or by our diplomacies, and therefore, with regard to those whom we have conquered, or to those who have ceded territories to us under negotiation, we have always made arrangements to provide for the families of those persons who have thus been deprived of territorial power, and sometimes of titular dignity. These extend now very nearly over the whole of India, and therefore it is a necessity that our pension list should be very large; and it has been said that one of the reasons why we can never make our expenditure and our receipts balance each other is, that whilst we have the whole expense of the administration and the military defence of India upon our hands, we have not the whole of the revenues of those countries, because we have to give so much out of the ceded or conquered territories to those who were the former possessors of them.

6921. Perhaps we had better go shortly through these arrangements, in some convenient order, so as to inform the Committee whether they are likely to be permanent. I see that in the accounts they are very much scattered about; but perhaps it would be more convenient if you were to give the account of them in some other order, in the historical order, for instance?—I think those that earliest came upon our pension establishment were some of the Mahommedan Princes, and it may, therefore, perhaps be best to begin with them, as separated from the Hindoos. In 1799, as the Committee are aware, we conquered that great country, which had been governed by Hyder Ali and Tippoo Sultan, and we entered into a treaty in 1799, which is now known in history as the Partition Treaty, and we did then covenant that, out of that part of the partitioned territory which came to the East India Company we should provide for the descendants of Tippoo Sultan and Hyder Ali. The words in the treaty are that "the East India Company should provide effectually out of the revenues of the said districts for the suitable maintenance of the whole of the families of the late Hyder Ali and Tippoo Sahib, and to apply to this purpose an annual sum of not less than two lacs of star pagodas," which would be equal to about 6½ lacs of rupees, or 65,000 *l.* a year. The whole of this amount was not expended from the beginning annually, but the remainder of it was carried to what in those days was called the Mysore Deposit Fund. For a very long time a strict account was kept of the unappropriated balances, and these went on accumulating and increasing, the family being very well provided for. But about the year 1859 or 1860 the head of the family, Prince Gholam Mahomed, who was the only remaining son of Tippoo Sultan, and the head of the Mysore family, a man of great respectability of character, came to England, accompanied by a son and a grandson. This was after the Queen had assumed the direct government of India, and he said that he came to pay his respects to the Queen upon that great event. But whilst he was here he thought that he might do something for the benefit of his family, and he represented that there was a very large accumulation of money in this Mysore Deposit Fund, and therefore he thought that we had not acted up to the exact terms of the original treaty, which was literally true. So he asked that the pensions of the grandsons and great grandsons of Tippoo (to do him justice he asked for nothing for himself) might be increased. Sir Charles Wood was then

Secretary

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Secretary of State for India, and he requested that I would negotiate the matter with Prince Gholam Mahomed. I had a great deal of discussion with him, the result of which was that the Secretary of State for India in Council directed that a large amount of these accumulations in what was called the Mysore Deposit Fund should be invested in capital stock, or rather that the Government of India should create new capital stock, for the purpose of increasing the stipends of the members of his family. The arrangement then made was that their old stipends should cease upon the decease of the several incumbents, and that the amount derived from the capital stock thus newly invested should be a perpetual endowment to the family; so that the result will be that when they die off one-half of their pensions will cease, and never be renewable by the Government, and the other which comes from this capital invested, or rather from the creation of this new capital stock will be a perpetual endowment for the family. Therefore, although there was a great outcry and clamour about it at Calcutta at the time, I never have been able to understand but that financially, as well as politically, this was really a very good movement.

6922. We understand that the endowment will be merged in the public debt of India as an ordinary investment?—Yes But it was said at the time in India that they had to take the amount that was required for the purpose out of the cash balances of India, whereas they had not to do so at all; but they created new promissory notes for the purpose, and, therefore, it was only the interest that they had to pay.

6923. The payments that appear under this heading of account will, when the present recipients die out, cease?—One-half of the amount will cease.

6924. Will you tell us which of the items in the printed account before us come under this head?—Here (*producing a Return*) is a Return which I was ordered to make to Parliament in 1864, which was just after this arrangement was made, which, I think, contains everything; it is dated the 23rd of February 1864, it is a Return in answer to an Address of the House of Commons; it is No. 82, and was ordered by the House to be printed the 25th of February 1864. All the arrangements with respect to the Mahomedan Mysore family are minutely described in that Paper.

6925. It would be convenient if you would keep your eye on page 32 of the Account before us; which are the items embraced under the arrangement that you have just described?—This states it very clearly, as far as it goes, for it says, "Stipends and extra allowances, &c., to his Highness Prince Golam Mahomed, son of the late Tippoo Sultan," 3,738 *l.*; that was for him himself. I must apologise to the Committee in one sense, for the political is the least financial department of our office, and I really do not know how the accounts are made out at all I have great difficulty in making them out; I can only state the circumstances which led to the result. That heading under Madras, "Stipends and Extra Allowances to the Families of the late Hyder Ally Khan and Tippoo Sultan, exclusive of Payments made in Bengal," represents merely payments made to some members or retainers of the family remaining behind at Madras.

6926. Which is the item in this account of the whole expenditure on account of the family of the Sultan, or perhaps you can tell us in some other way what the expenditure is under that head?—There is no such entry; the amount that we agreed to pay to them was about 65,000 *l.* a year; but we never have paid that, and this amount now keeps decreasing every year, so that it is hardly possible to say what it exactly is at any particular period. Affairs are constantly in a transition state. Some members have accepted the offers made to them, and some have declined them.

6927. We want to know, in any way you please, what was the expenditure under this arrangement for the year ending 31st March 1871?—That ought to be in these Papers. I have stated that one of the great problems to be solved with regard to making India "pay," as it is said, arises from our having all the expenses of the Government of India, and not receiving the whole of the revenues of India; and now with regard to the future, it is highly important, I think, that it should be ascertained how far these heavy burdens which we have upon the revenues of India are permanent, or to what extent they are likely not to last; and if these heavy burdens, which amount to a million and three-quarters upon the revenues of India, should cease in part, it will very greatly relieve the revenues of India. In that Report which was returned to Parliament, to which I have already alluded, the name of every single recipient is given. I think you will see that it is a most full and detailed account of the expenditure upon the Mysore family and others, showing what were terminable and what were continuing stipends I thought the putting in of that Return, which is within a comparatively small sum the existing state of things at the present day, would satisfy the Committee as to the way in which the family is provided for.

6928. But that has to be fitted in with the account that the India Office has laid before the Committee?—This account which you have put into my hands, I have never seen before. I am not responsible for the manner in which the returns are made. Mine is not a department of account.

6929. These accounts before us say "Stipends and Extra Allowances, &c., to his Highness Prince Golam Mahomed, son of the late Tippoo Sultan," 3,738 *l*; "Pensions exceeding 5,000 rupees per annum, but not exceeding 20,000 rupees per annum," 14,995 *l.*, "Pensions not exceeding 5,000 rupees per annum," 14,238 *l.* Now, for all we know, the items which you have mentioned, may be included in those last items of pensions?—I am sorry that the accounts are so made out. I gave the Committee the information that I have on the records of my department.

6930. What is the amount of the fund invested?—That is a point that I was endeavouring to ascertain up to the time that I left the office this morning. I know that some people in Calcutta cried out largely against the general arrangements, and said that it was more than a crore. But that was entirely a mistake. I was obtaining from our finance department, this morning, information about the capitalised sum, and they make it out to be only about half a crore; but the gross amount has not yet been ascertained, and for this reason, that some of the parties did not accept the offers made to them; and therefore these final arrangements are more or less in a state of transition, and

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and we are still receiving despatches as to what they will do and what they will not do about it. At all events, looking generally at the result of the changes ordered in Sir Charles Wood's despatch upon the financial condition of India, there is no doubt that this new arrangement will prospectively greatly relieve the finances.

6931. How much is charged under this account, at page 32, to carry out the arrangements which you have described; that was the question at which we stopped?—I think that is rather a question for the finance department than for me; I can only tell you the circumstances, but not the figures; I do not see the full amount paid to these people at all in these accounts. I stated, with regard to the item of 3,143 *l.* under Madras, that those were pensions merely paid to people who had not accompanied the bulk of the family to Calcutta, but were remaining in other parts of the country and receiving their pensions there; but I do not see in this return anything representing the stipends of the family in Bengal, except that of Prince Gholam Mahomed.

6932. If you are prepared to tell us that those two items for "Stipends, and Extra Allowances," are the only charge under this head to carry out the arrangements that had been made, and that all the rest is met by the interest on the special trust fund that has been created, that is a complete exhaustion of the subject?—I could not say that without saying what was untrue, because that is not the case.

6933. Then there is a residuum unaccounted for?—I beg to say that I have never seen this paper before; I have gone on an account that came from Calcutta, and the gross amount comes to 1,756,973 *l.*; but on looking over this account which you have handed to me, I certainly do not see that it represents the details of our political liabilities of India at all.

Major General RICHARD STRACHEY, R.E., re-called; and further Examined.

Major Gen. *R. Strachey,* R.E.

6934. Mr. *Grant Duff.*] You were for many years, I think, in the Public Works Department in India, were you not?—I was.

6935. And you have been some months at the India Office?—I have been there about a year now.

6936. Then you have been accustomed to look at England from an Indian standpoint for a much longer period than that during which you have been accustomed to look at India from an English standpoint?—So far as my official services are concerned, I have; but I am not at all prepared to say that I have not paid attention also to the considerations which should guide statesmen who are Englishmen, in relation to their operations in India.

6937. Of course I mean by my question, that *qua* an official, you have been accustomed to do so?—Yes.

6938. You have nothing now to do with the management of the guaranteed railways, have you?—Nothing at all.

6939. In short, you look at that from the outside?—Well, I look at it from the outside, so far.

6940. You now look at it from the outside?—Now, certainly.

6941. But, as at present advised, your view is that the control of the Secretary of State in Council over these bodies is not sufficiently strong, owing to that control being exercised through the Council, and not through a single executive officer?—Well, to a certain extent, that represents my views.

6942. The office that you fill is a new one?—It is.

6943. Created in consequence of the policy with regard to State railways, which was sanctioned by the Secretary of State in Council in 1869?—Quite so.

6944. When a new office is grafted on an old organisation, it is not unnatural, is it, that at first there should be some difficulties to be got over?—No, it is very natural; and also it is natural that in effecting the engrafting, the incompatability of the older organisation with the new work becomes prominent.

6945. There are two extreme views of Indian public works, are there not?—There are.

6946. One party says, "Raise a large sum of money by loan, and spend it as economically but as quickly as you can in developing the resources of the country;" the other says, "You have spent a great deal too much already on public works; a poor country like India cannot afford to pay for such railways and roads and canals; diminish your expenditure on public works, as on almost everything else; or India, and England into the bargain, will soon be ruined;" that represents the views of the two parties, does it not?—Yes.

6947. The Government of India and the Secretary of State in Council pursue a mid-course between these two views, do they not?—They do.

6948. They say, "Let us develop the country, and, at the same time, do not let us get too much into debt?"—Quite so.

6949. Now, what proportion does the whole debt of India, including the railway debt, bear to its revenues?—The whole is about four years' revenue.

6950. What proportion does the whole debt of England bear to its revenue?—The debt is ten or eleven times the revenue.

6951. And England has, as a State, no railway property in consideration for its debt?—None.

6952. That consideration sweeps away a large part of our 200,000,000 *l.*, provided that the existing relations of England and India continue?—In a certain sense I agree to that, but I should prefer putting it myself that it sweeps it away with reference to the financial position of India; because there are other very important considerations that arise from the fact that India is governed by England, and that a very large proportion of its debt is held by Englishmen.

6953. Forget for a moment all the advantages that India derives from British rule; think only of the expenditure of the other hundred millions, the non-railway hundred millions; as an ordinary capitalist would look at a loan, has it been badly invested from the capitalist's point of view; looking at the general position of our Indian debt in the money market, has the holder of that debt got anything to complain of?—Well, if you mean, Is the debt of the Indian Government looked upon as a satisfactory security in the English money market, all that I can say is that, as compared to the debt incurred by other Governments no doubt it is in a satisfactory position.

6954. Is

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6954. Is not some 20,000,000 *l.* of that hundred millions held by natives? — A considerable amount; I would not say exactly what is the amount held in India.

6955. Now then think of what has been done with the hundred millions; think of what India was in 1757 and what it is now; do you think that a hundred millions was ever so beneficially invested since the world began?—I am not at all prepared to say that I think that the whole of that hundred millions has been well applied; but I am prepared to say this, that in the year 1872-3 the condition of India is incomparably better than it was in what has been called the pre-British period.

6956. Has the great expenditure on public works, that has gone on since the Mutiny, been coincident with a remarkable apparent increase in the prosperity of India?—Yes; I would call it not an apparent increase, but an absolutely and real and positive increase of a most wonderful description.

6957. And you would probably say that it had not only been coincident with, but the cause of, that real increase? — Most distinctly and most certainly.

6958. The Public Works Department dates from 1854?—Yes.

6959. All its vast organisation has been created since then?—Its great development has occurred since then.

6960 The Public Works Department had, I suppose, to buy its experience?—Yes, naturally.

6961. And being human, made many mistakes?—I am afraid so.

6962. Did you ever know of a landlord who, after spending many years in improving his property, did not think, when all was done, that it might have been done a great deal cheaper and better?—I have no doubt that every landlord has discovered that; but I have no doubt, equally, that not only every landlord, but every human being that has devoted himself to carrying out new projects, whatever they may be, has come to the same conclusion And I may, in illustration of this sentiment, repeat a circumstance that occurred to myself some 20 years ago now. I had been employed on some duty under that eminent Indian statesman, Mr. Thomason, who was at that time Lieutenant Governor of the North Western Provinces, and I made a proposal to him, that the time to which my employment had originally been limited should be extended, on the plea that having had one year's experience in what I was about, at the end of another year I should be able to accomplish the end in view very much more satisfactorily; and I remember distinctly his answer to me, which has remained in my mind ever since. It was very much in these words: "And thus it is at the end of every allotted task, that we see how very much better we might have done that which we have had to do. If it were not so, experience would cease to be an instructress."

6963. *Chairman.*] It is not a logical sequence?—I quote Mr. Thomason's words, whether it is logical or not.

6964. Experience would be an instructress if you did a thing well, and did it again in the same way?—I concur with Mr. Thomason; I think what he said is perfectly logical, and that it represents the truth perfectly. I think that the utility of experience is fully as much, to say the least of it, in pointing out our errors as in pointing out our successes; at least, I say that for myself; everybody may judge for himself.

6965. Mr. *Grant Duff.*] What department or departments were responsible for any failures that may have taken place in barrack works?—Well, if you mean the material failure of the walls, roofs, and so forth, of course it was the Public Works Department. If you refer to any failure in the utility of the building or in the applicability of the construction, generally speaking, to the wants of the soldier, it has been the military department.

6966. But no Secretary of State was in any way responsible for these failures?—Not in detail; merely so far as the Secretary of State supported the requirements of the persons who protested against the extremely unhealthy buildings in which European soldiers had been living in India for a great many years, and the extremely ill-designed and objectionable buildings that were employed for hospitals, and buildings of that description. The Secretary of State, and in my opinion most properly, supported the representations of the eminent persons who pointed out the absolute necessity for improving the whole class of buildings that I have spoken of; and to that extent he is responsible, and to no other extent.

6967. Now, turning to another point, you are sanguine, are you not, that the system of making State railways on which we have entered, will produce better results than those hitherto obtained?—I am.

6968 But it does not necessarily follow that our predecessors, for whose policy we, of course, are in no way responsible, were wrong when, under very different circumstances, they introduced the system of railway guarantees?—I have not the least doubt in the world that Lord Dalhousie and the Court of Directors who determined on the construction of railways, under the guarantee system, in 1851, or 1852, or 1853, most carefully considered the subject, and followed what, under the circumstances, appeared to them not only the best course, but the only course capable of producing the desired result.

6969. You are aware that accusations of corruption are often brought in India against the Public Works Department?—Yes.

6970. The point has not, I think, been mentioned before this Committee, but I want to ask you how far you have reason to believe that these accusations are well founded; because I want no one to have an opportunity of saying that the matter was overlooked by the Committee?—Well, I think that all that can be said of the Public Works Department, with respect to the manner in which it has managed the money business that it has to control, is that there have been a certain number of persons who have disgraced themselves by making away with or misapplying public money; but I am not aware that the department, as such, is more open to censure or blame in this respect than any other department which has the expenditure of large sums of money in detail on objects such as those which the Public Works Department has under its charge.

6971. Will you please to turn to Question 6295, and your answer to it. Now with reference to the "difficulties" to which you allude in that answer, I suppose that Lord Mayo was master in his own Council?—Well, he was master in the sense in which any Governor General is master in his Council.

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6972. If Lord Mayo had fully and finally made up his mind upon that matter, and had determined to carry out your view, he could have overborne the difficulties to which you allude?—There is no doubt that constitutionally the Governor General has the power to override the decision of his Council; but the question had not taken any such form as that.

6973. I mean that he could constitutionally have done so if he had thoroughly made up his mind?—There is no question of that.

6974. Would you accept absolutely and unreservedly the account given of the Public Works Department by the officers of the Finance Department, supposing they were here in this room?—Indubitably not. Do not let us have a confusion of words, however; practically speaking, the figures in our accounts are the same, but their views regarding the Public Works administration, certainly I would not accept.

6975. And I suppose you will admit that they would hardly accept absolutely and unreservedly your version of their attitude towards the Public Works Department?—Certainly; and I never expected them to do so, or expressed dissatisfaction that they had not done so.

6976. Now would you turn to Questions 6595 and 6596. Will you have the goodness to take that Paper in your hand (*handing a Paper to the Witness*). That Paper is a Despatch from the Secretary of State, is it not?—It is.

6977. Would you have the kindness to read it?—It is dated 31st August 1869, from the Secretary of State to the Governor General: "It is of very great importance that accurate information should be obtainable in this office as to the remunerative character of expenditure in India on irrigation works; the information hitherto received from the several Governments in India on this subject is not sufficiently precise, and it is often difficult to ascertain, from the statements sent home, how much of the increase shown in your statements of land revenue is due to increase of the assessment on irrigated or partially irrigated lands, or to the bringing into cultivation of waste lands, and how much to new works of irrigation; I wish, therefore, that statements may be forwarded periodically from India, showing for each district the amount of the land revenue in the year 1856-57, the amount received in the year last completed, the expenditure on irrigation works (distinguishing that on new works from that on maintenance and repairs) since 1856-57, the additional acreage irrigated since 1856-57, the increase of revenue due to irrigation, and the increase due to other causes; I request, therefore, that statements affording the requisite information, in somewhat of the form annexed to this despatch, may be sent to me annually, as soon as possible after the termination of the official year in respect of each district under your Government; it is not necessary that the first returns should be complete as regards the whole area of the Presidency, or even of any one province; the returns should, however, be complete as regards the whole area affected by each separate new work of irrigation, and they should be carefully framed by the public works and revenue officers conjointly, so as to prevent any subsequent discussion between the departments as to the true origin of the increase;" and that is signed "*Argyll.*"

6978. And over the leaf there is a form, is there not?—Yes.

6979. That proves, does it not, that the Secretary of State was not indifferent, on the 31st of August 1869, to the importance of having accurate information as to the remunerative character of these irrigation works?—It proves that distinctly; but it also proves, at the same time, that he had not the information for which he asked.

6980. Now glance at these papers (*handing the same to the Witness*); these other despatches, which I place in your hands, show that the Secretary of State has been very persistent in his desire for information on this matter?—There is no doubt of that.

6981. By your answer to Question 6315, I gather that what you mean when you say that "interference from England" caused extravagant expenditure is, that extravagant expenditure was incurred in carrying out in India, under the Government of India, certain works which were suggested from England, and also that certain works proposed from England were not so well selected as they might have been?—That is so. Shall I read what I said?

6982. I merely want to know if I rightly gather your meaning?—I said, "My own idea, I confess is, that the present cases of what I should call extravagant expenditure, have arisen from interference from England; that, so far as the Government of India has been left to itself, it is less disposed to go into what I should consider inconsiderate expenditure, than it has actually been under the pressure that has been brought upon it from England."

6983. My question sufficiently expresses your meaning?—Yes, in general terms.

6984. Devise what machinery you may, do you believe that it will ever prevent the opinion held by active individuals in this country exercising a strong influence through Parliament in favour of expenditure in India upon the Secretary of State in Council?—No; nor should I say that that influence ought not to be exercised; and all that I meant to have said was, that if such an influence is exercised, it ought to be exercised with great caution, and the illustrations which I gave were intended to point the moral of what I had said.

6985. You have spoken of the Godavery Navigation Works, and of the Mutlah Railway, of both of which you disapprove; these works were in India; but do you know that for many years successive Secretaries of State have been plied with applications to survey a line for a railway quite outside the utmost limits of India, through the Shan States to the frontier of China, and do you know that one chamber of commerce has memorialised them after another in favour of that?—I do; and I would add that although I have for a specific purpose referred to cases in which I think that the influence of the Secretary of State has been exercised in an unfortunate direction, I do not for an instant mean to say that in many other cases his influence has not been exercised in a most beneficial way; and I cordially and thoroughly accept the position that, as a whole, in my judgment the action of the Secretary of State, in connection with the Government of India, has been most excellent and satisfactory.

6986. Do you think that this Committee could do anything more acceptable to the Indian Council, or to any imaginable Secretary of State, than to strengthen their hands against such pressure

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sure as that to which I have last alluded, the pressure for a railway from the borders of Burmah to the borders of China?—Certainly not.

6987. There is one matter of minor importance about which I want to ask you; have the natives of India, in your judgment, ever shown any particular genius for engineering as distinguished from architecture?—No, certainly not.

6988. And there is no good reason to suppose that our Public Works Department will ever be very largely or powerfully recruited from the natives, at least not for some time to come, there is nothing as yet to show it?—Well, certainly, there is no reason based upon anything that they have done in the past; I am not going to express an opinion as to what they may be able to do in the future.

6989. Nothing has happened in the past to give one very sanguine hopes?—Nothing at all, certainly; but that there have been very large works executed there is no question at all. In former times as, I presume, everybody knows, when the whole of the revenues of India were, so to speak, the private property of the sovereign, he had the means of carrying out works on a gigantic scale, which have left their traces on the face of the country up to the present time; but as to saying that there is anything like what we should term engineering skill worth talking about, that is altogether a mistake. One of the chief works, constructed about the time of Akbar, the Shah Nahar, a canal which comes from the Jumna, and which goes towards Hissar, with a branch to Delhi, was originally designed to supply water to a hunting palace at Hissar; it was incidentally used for purposes of irrigation, but it very soon fell into disrepair, and when we took it in hand to restore it, it was a very insignificant sort of work, and comparatively speaking of very little value, and from an engineering point of view, extremely ill laid out.

6990. From conversation with you, I am inclined to think that you feel that it is desirable that an opportunity should be given you of expressing your opinion in a somewhat more connected form with respect to certain matters touched upon in your evidence, because you think that your evidence may have left a somewhat erroneous view of your opinion upon the merits of the Committee?—While I have been laying stress upon defects in the administration, I think that I have not entered into the positive and substantive value of the policy that has guided the Government of India; and I would ask to be allowed to say that I feel personally a very considerable responsibility put upon myself in connection with this inquiry, because, although I cannot say that I have been specifically responsible for the policy in any way, still I have been (I do not at all pretend to disguise it) one of the chief advisers, at all events, of the Government, whose acts in pursuance of that policy are here under discussion.

6991. Now, you would like to say something, would you not, upon the policy of the Government with respect to irrigation works?—I should, if you please. The Government, generally speaking, has been led to the conclusion that in the very nature of the case there are certain classes of works which it is impossible should be carried out by means of the revenues of the year, and that for the carrying out of works of that class it is absolutely essential that capital, accumulated wealth, should be employed. The only means that the Government of India has of applying accumulated capital to the construction of public works is by borrowing money, or by giving a guarantee of interest on capital, which is virtually borrowing money, there being no body of capitalists similar to that which exists in England and some other European countries, who are disposed to carry out such works at their own risk. The works of this description which the Government has had to deal with are practically of two classes, either irrigation works or railways; or perhaps I ought to express it rather, works of agricultural improvement, and works for improving the communications of the country. As regards the irrigation works, the obligations which have been put upon the Government to consider how they shall extend such works, are, I believe, pretty well known already. The principal consideration, undoubtedly, is the fact that India is a country which is liable to the most terrible visitations of drought, and consequent famine. The Government having seen the frightful results which have arisen from such calamities, has deliberately come to the conclusion that it is its bounden duty to do all that is possible to protect from the worst forms of famine those districts which, from their physical conditions and their climate, are liable to such visitations. In considering how this end could be best accomplished, the Government has come to the conclusion, that although such works may in many cases be very costly, still the probability is that, if not in all cases, at all events in most cases, they will be so far remunerative, as not only to cover the interest on the outlay which is necessary for them, but also that they will, in an important degree, add to the general resources of the country, though perhaps after the lapse of some considerable time. Experience has shown that there is always considerable delay in an agricultural community taking advantage of means of irrigation that are afforded to it. The actual process of agriculture, combined with irrigation, or supported by irrigation, is to a considerable extent different from the ordinary agriculture which is not aided by irrigation; and it is sufficiently notorious that all agricultural communities have a tendency to adopt changes slowly. The experience of India has proved that this applies in a marked way there, and the results of the operations of irrigation, in connection with the existing canals in Upper India, afford remarkable proof of this. I have said that the ultimate results of irrigation works will be, in the estimation of the Government, to a very great extent at all events, an increase of the revenues of the country. But I have stated that this is not the fundamental or principal consideration; the principal consideration is the obligation which the Government has to protect the country from those terrible calamities of which I spoke; and if the question is asked, if in any case a profit is not derived in money from such works, how the Government can justify the construction of those works, I say, without hesitation, that a sufficient reply is given if it is said that they will preserve, as I believe that they will preserve, the lives of millions of the Queen's subjects, and that they will protect from destruction in the very worst form districts many times larger than the United Kingdom. I confess that I do not see that

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that the mere fact of there being, under these circumstances, no immediate money return from our expenditure, is in any sense less easily defensible than the fact that the expenditure which is necessarily year by year incurred for the support of the 800,000 or 900,000 paupers of England leads to no commercial profit. Since I was last in the room I have seen the latest returns of the irrigation works which have been sent from India to the Secretary of State to be put before this Committee, and I would refer specifically to some of those. Although, as I said before, I do not think that the accounts are rendered in a thoroughly satisfactory way, I think that some of the figures will show that the general opinion that I have advanced, as to the progressive character of the revenue of these works, is not without justification. I take the Ganges Canal, for instance, and here are the accounts from the year 1855-56 up to the present time. The increase of the total revenue from 1863-64 up to the present time is as follows: In 1863-64 it is 84,000*l.*; in 1870-71 it is 216,000*l.*; and making allowance for the charges, the net income has increased from 28,000*l.* to 128,000*l.* That is the Ganges Canal. That great increase is no doubt due to a considerable extent to the actual extension of the irrigation as the canal became more used. But here is a case of one of the old canals, in which the total quantity of water is pretty much the same now as it was then; and the results here prove the great care and attention that the Government and its officers have bestowed on the improvement of the revenues that are derived from these works. On the Eastern Jumna Canal in 1863-4 the revenue was 33,000*l.*, and in 1870-1 it is 72,000*l.*, the net being 22,000*l.* in the first year, and 53,000*l.* in the last. And similar results will be found from the other principal canals. The Western Jumna Canal gives an equally striking illustration of it; in 1863-4 the net revenue was 63,000*l.*, and in 1870-1 it is 121,000*l.* Now I say that if these results have been possible during these last seven or eight years, the Government, as regards that class of canals, in my judgment, is thoroughly justified in believing that the results of similarly constructed new canals will be no less favourable. The causes for the slowness of the development of the irrigation, and of the revenue of the Ganges Canal, are well known, and have been explained before. Those causes, to a very great extent, have been removed at the present time, and my firm conviction is, that the revenue returns of the newly constructed canals in Upper India will be found in every respect satisfactory, and that everything that the Government has ever looked forward to from them will be realised.

6992. Now, have you anything to say about the compulsory rating of the land for irrigation, and about the motives for that proposal?—Yes. This question was put to me at No. 6657: "Does not the making of such a provision as that indicate a conviction on the part of the Indian Government, that if the people are left free to take water or not, as they please, canals will not pay?" Now, I wish to explain, in consequence of that question, and the turn that the answer to it and the subsequent questions took, what really were the objects (I need not go very much into the nature of the clause) of the Government in proposing any such clauses in that Act, and in giving the general form to the Act that was given to it. It is perfectly evident that when the Government undertakes irrigation works on a large scale, it becomes most important to see that they shall be made if possible financially satisfactory; and it therefore becomes necessary to ascertain what is the most just way of charging for the use of the water, and for the benefits that will be derived from the irrigation. Now, the degrees of benefit which are produced by irrigation works are very various. There is no doubt that the person who constantly and directly uses the water is the person who is the most benefited; but I say that a man who has provided for him in times of difficulty a canal, which he is able at any time to use when a season of drought comes, say once in 10 or once in 15 years, is most distinctly, and in a most important degree, benefited by the existence of the canal, although for a series of years he does not make use of the water; it is a benefit in the nature of insurance. Again, not only does an irrigation canal benefit the individual cultivators who constantly or periodically use it, but it benefits the whole country in which the irrigation goes on. The mere fact of famine in its worst form being impossible in a district which was before liable to it, is in itself a very great advantage. And another of the very great contingent advantages of these irrigation works which have to be seriously considered in adjusting the payments that are to be made for them, is the fact that they prevent one of the first results of a drought, which is the destruction of the agricultural cattle. By having a permanent stream of water flowing through the country, and by providing a permanent and unfailing source of fodder for the cattle of the country from one end of it to the other, you practically are able, under the most unfavourable circumstances, to support cattle in the seasons in which the periodical rains fail. In these various ways the benefits of a canal extend far beyond those that are given to the actual cultivator who year by year irrigates his fields. Whether the Government, in the measures it actually adopted, took the best possible course or not is, of course, a matter which is thoroughly open to discussion, but their intention was to endeavour to put the charge for these new irrigation works as far as possible on the districts to which the works would be directly advantageous and profitable. And Lord Mayo expressed himself most plainly in this way when these clauses were discussed in the Legislative Council; he said, "It is perfectly unreasonable that the people of Madras or of Bombay should be made to pay for the benefits in the shape of irrigation which are given to the inhabitants of the North Western Provinces; so far as it is possible, let us apportion the burden among those people who obtain the benefits." It is perfectly open for discussion whether the particular measure that was proposed was the best possible for arriving at that end; but the intention of the Government of India was a thoroughly honest intention; and as the Secretary of State, who is supreme in these matters, has expressed his opinion that it is not desirable to maintain the plan, I think that the question has been closed, and that nothing more need be said by me on the subject.

6993. Have you anything more you want to say upon irrigation?—I think that is all I should care to say regarding the irrigation works.

6994. Mr. *J. B. Smith.*] You consider that this principle of making the owners of land

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through which the irrigation river passes, pay a certain sum for it is a sort of insurance against famine?—I do, decidedly.

6995. Mr. *Grant Duff.*] With reference to railways, are you generally in favour of the scheme for the construction of a great net work of State railways?—Well, I am in favour decidedly of the gradual extension of railways in India, so far as the finances will admit of it.

6996. Now I want to ask you what are the considerations in your mind that make you in favour of the introduction of a net work of State railways, not as distinguished from other railways, but in addition to our existing railway system?—The general policy of the Government (and I would much rather endeavour to explain what has been the policy of the Government than my own views, because my own views after all are only personal to myself, and therefore are not a very important matter) has been this, that the Government found itself a year or two ago, with, say 6,000 miles of railway, made at a very large cost, which brings upon the revenues a permanent burden, or nearly permanent, so far as we can see at the present time, of a million and a half a year in the shape of interest, not covered by the net profits. The Government is thoroughly satisfied of the enormous advantage of these railways in every possible way, as regards the general political, social, and material condition of the country, the power of moving troops and keeping the peace, the advantages to commerce, and so forth; but they say the burden that has been produced is so tremendous that we cannot go on with it; let us cast about and see if we cannot find out something that is cheaper, and arrive at the same result in a different way. In estimating what are the actual results of the existing railways, and inquiring what is their value to the country, what has to be looked at is not merely the sum of money in excess of the earnings which has to be paid from the revenue, but what these railways are actually doing for the country at the present time. Now, as an illustration of what the railways are doing, see what the East Indian Railway alone does. The East Indian Railway during the last year carried what amounts to 300,000,000 tons one mile; that is the equivalent of something like 80,000 or 100,000 carts, each drawn by four bullocks (the largest sort of cart in common use in India) employed for the whole year along that line of railway; and it is equal to 80 or 100 carts for every mile of the railway, in addition to everything that existed before. Now, let us look at the thing in another way. The present average cost of carrying a ton for one mile by the railway may be taken at about 1½ *d.*; the cheapest at which it could be done by a cart is 3 *d.* or 4 *d.*; the consequence is that the persons who have to transport their produce in India, in the interior of the country, at once save something like one-half; in very many cases it will be more than one-half. Further I say, that under a thoroughly efficient and satisfactory system, there is no reason to doubt that that actual cost of 1½ *d.* might be reduced to ¾ *d.* We know from the actual facts of the working of the best managed lines, and those on which the working is cheapest (of which I take the East Indian as a type), that the actual cost of carrying one ton for one mile is ·43 of a penny. The consequence is, that if the whole of the working of the railways in India were reduced to that standard of the East Indian (and I really do not see why they should not be), the goods might on the whole be carried at an average charge to the public of ¾ *d.* a mile. At present the average cost of carrying on other lines outside the East Indian is as much as 1 *d.* a mile, or very nearly that. The enormous difference to the trade of the country which has been produced by the introduction of railways will, I think, be better understood if we consider what are the gross receipts, the total sum of money which is paid by the persons who make use of the railways, which is shown by the gross receipts. It is at the present time about 6,000,000 *l.* sterling. If, as I believe, one-half of the cost of transport is saved to the person who employs the railway, it would represent, in other words, a saving to the country generally speaking of about 6,000,000 *l.* a-year. Then, I would further add this, that India being essentially an agricultural country, and its wealth depending upon its power of selling its produce, which, for the most part, has to be taken away by sea, its power of selling with a profit depends upon the possibility of taking the produce to the sea at a cheap rate; and every reduction of cost therefore in the expense of this transport, not merely adds to the power that the Indian cultivator has of selling his produce profitably, but it adds materially to the stock of produce which is available for use in foreign countries, and this again reacts by enabling the people of India to purchase a larger quantity of imported goods, and in that way it again facilitates the operations of the railways by giving them a better return traffic than exists now. One of the great difficulties of the railways is to get the necessary return traffic.

6997. *Chairman.*] That is not an accumulation; the 6,000,000 *l.* and those benefits do not go together; but one is the representative of the other?—No, I think that is an accumulated benefit, so far as the trade is developed

6998. That is measured by the 6,000,000 *l.*?—The 6,000,000 *l* is, I think, the advantage to the producers. Then, if a larger stock of produce is forthcoming, the people in England and in Europe generally who have the means of obtaining the produce have their position improved; but, inasmuch as the population of India have received this advantage of the 6,000,000 *l.* they become richer, and are enabled to take more of the products of foreign countries in the shape of imports; those pass over the railways, and thereby admit of more favourable rates for transport being adopted for all goods, import as well as export. I think that, as regards the several lines of railway which have been proposed by the Government, I said on former days all that need be said, in my point of view at least.

6999. Mr. *Grant Duff.*] Have you anything to say with regard to the advantages of the railways in times of dearth?—I would most decidedly desire to draw attention to the very important effect of the combined operation of the irrigation works of the North Western Provinces and railways during the year 1869–70, when I feel assured that if there had not been those irrigation works, and if there had not been those railways, there would have been a most frightful calamity in the shape of a famine of the very worst description, in the North Western Provinces. By reason of the Ganges Canal, and the other canals which exist in the North Western

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Provinces, and the districts in the immediate vicinity, a very large addition to the food of the country was made, and also, as I said before, provision was made for the feeding of the agricultural cattle, a matter which is of the very greatest importance in a purely agricultural country like India, while the railways brought up and distributed food from great distances which could not possibly otherwise have come into the market. I think it is right that I should further say that there is always a tendency in persons outside the Government to overlook the positive advantages which are obtained by any successful administration, or any successful action, and rather to dwell in what I should consider an undue way on mere defects of administration. The criticisms that were passed upon the public officers who were concerned in the management of the districts of Orissa at the time of the dreadful famine were most unmeasured; but I have never heard myself what I should consider any sufficient acknowledgment of the extremely good results that were produced by the energetic action of the Government, and by the operation of these most useful works, these railways and irrigation works, which prevented what otherwise would have been, as I said, a terrific calamity in the North Western Provinces in 1869. And I would add, that in my judgment there could be nothing that would be a greater misfortune to the country than stopping the further development of such works and improvements as these to which I have been alluding, which are in reality the only possible means that any Government has of preventing the recurrence of similar misfortunes in the future.

7000. Some questions were, I think, put to you with regard to the income tax, were there not? —There were.

7001. You are generally not unfavourable, I think, to the income tax?—I am not.

7002. And some questions were also put to you with regard to local taxation in India?—Quite so.

7003. And an opinion was expressed that India is on the whole overtaxed; is that so?—There have been such opinions freely expressed; I do not refer to this room, but I mean in public discussion.

7004. Now what is your opinion about that? —Well, I think that the only real test that any one can have of the effective weight of taxation, and the general result of the administration of a country, is the actual facts as they exist in the condition of the country; there will always be a great deal of rhetorical discussion in connection with such facts; one set of people will attach more weight to one matter, and another to another; but the real substantial basis on which we have got really to found a judgment is the facts as they are; and I think myself that the facts as indicated by the condition of the country, are such as to prove in the most satisfactory way, at all events, they do to my mind, not only that the finances have not been ill-managed, and that the country has not been ill-governed, but that the contrary of those propositions is most eminently true. As regards the results of the taxation, and particularly as regards the result of the expenditure on the great public works, that I have particularly been questioned about, I would point out what follows. In the year 1861-62 the total charge for the public debt of India was 5,191,000 *l.*, against which there was a set-off of 34,000 *l.* in the shape of receipts of interest, giving a net charge of 5,157,000 *l.*

7005. Mr. *Fawcett.*] Does that include the interest on guaranteed railways? — No; in 1872-3 the total charge for interest is estimated at 5,871,000 *l.*, against which has to be set off 466,000 *l.* in the shape of receipts of interest, to a considerable extent arising from its own securities held by the Government, and other elements of income of that description, giving a net charge of 5,405,000 *l.* Consequently the net increase of the charge for interest is 248,000 *l.*; now 248,000 *l.* capitalised at 4½ per cent. is equal to 5,500,000 *l.*, which may be considered to represent the effective addition to the weight of debt, so far as to the interest. Now then let us see what is the condition of the cash balances, the money at the disposal of the Government; at the commencement of 1861-62 it was 15,000,000 *l.*, at the end of 1872-73 it will be 19,500,000 *l.*; the consequence is that there will be an actual increase of assets to the extent of 4,500,000 *l.*; if you set off that 4,500,000 *l.* of actual increase of assets against the 5,500,000 *l.* of increase of weight of debt, we arrive at the result that there has been a virtual increase of no more than 1,000,000 *l.* of debt in that period of years. And what have we done during those years between 1861-62 and 1872-73? We shall have spent on the extraordinary class of works, these irrigation works, and railways and what not, 10,000,000 *l.*; and besides that we shall have spent 9,000,000 *l.* on barracks by the end of 1872-73. The total, therefore, of this unusual outlay is no less than 19,000,000 *l.* sterling, while the effective additional burden that will have accrued up to the end of 1872-73, is only equivalent to 1,000,000 *l.*; the consequence is that we have virtually saved the difference between that 19,000,000 *l.* and the 1,000,000 *l.* out of the revenues in that period; we have saved virtually the 18,000,000 *l.* Of course it is perfectly plain that the 18,000,000 *l.* has not been saved directly, but it is possible by other means also to save by good administration of the finances, for instance, by making reductions in the charge for debt, and that is just as much the duty of the financiers who manage the affairs of India as it is to look after the actual receipt and the expenditure of the public money. That such results have been produced is, as it seems to me, a most perfect and thorough reply to anyone who says that by reason of this great expenditure on public works any inconvenience or serious pressure has been put upon the country. But I would supplement what I have just said by pointing out what I consider a further real test of the condition of the country, namely, the condition of the imports and exports. The value of the imports in 1861-62 was a total of 37,272,000 *l.*, of which 22,320,000 *l.* was merchandise and 14,952,000 *l.* was treasure. In 1868-69, which was the last year the figures for which I had for reference, the total of the imports had risen to 51,146,000 *l.*, of which 35,990,000 *l.* is merchandise, and 15,150,000 *l.* is treasure; thus showing that the whole of the increase has taken place in the merchandise which the people of India have been able to pay for, and an increase amounting for a single year to no less than 13,500,000 *l.* sterling. Now if that is an indication of national decay, or of oppressive taxation, let it be so; to my judgment it is not. The exports again stand thus: total in 1861-2, 37,000,000 *l.*

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37,000,000 *l.* sterling, of which 36,317,000 *l.* was merchandise, and 683,000 *l.* treasure. The value had increased in 1868–9, to no less than 54,457,000 *l.* as a total, of which 53,062,000 *l.* is merchandise, and 1,395,000 *l.* is treasure. The consequence is, that we have an increase of the exported value of merchandise of no less than 16,750,000 *l.*, and that sum represents the improved sales of the community of India for a single year. Now I inquire whether any man can allege for one moment that that is typical of bad administration or of a deteriorating condition of the community. I say, without any hesitation, that these results have been essentially produced by the generally excellent administration of the Government, and to a very great extent by the operation of these great public works to which we have been devoting so much of the resources of the country.

7006. Mr. *Grant Duff.*] In short, your general view I take to be this, that although many mistakes have been made, and are being made, and always will be made when an alien race attempts to govern a people thousands of miles away, the natives of India are nevertheless immensely richer and more prosperous in the year 1872 than they were in the year 1856?—There is no question of that whatever.

Friday, 21*st June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Beach.
Mr. Birley.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Ephinstone.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Lyttleton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn,
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Major General RICHARD STRACHEY, R.E., re-called; and further Examined.

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7007. Mr. *Eastwick*.] IN answer to Question 6985, in replying to Mr. Grant Duff, you said that you thought "that the influence of the Secretary of State had been exercised in an unfortunate direction; I do not for an instant mean to say that in many other cases his influence has not been exercised in a most beneficial way." Do you think that the interposition of the Secretary of State should be exercised simply in reviewing proposals of works or operations connected with the Public Works Department, sent from the Government of India, or do you think that in any case he might take the initiative and recommend works?—It seems to me that the Secretary of State is the head of the Executive Government of India in this country charged under a responsibility to Parliament for the entire administration of India; and I think that being his position, it is absolutely impossible to impose any limit upon his authority; subject always to his responsibility to Parliament.

7008. In cases of great calamity, such as for instance, the Orissa famine, is it not natural that the English public should look to the Secretary of State to take the initiative and to urge upon the Government of India, and even to direct the making of public works?—I think so, certainly. I think that the English nation, considering the fact that we have somehow or other become governors of India, has a perfect right, not only to suggest but to require that everything that it considers to be necessary for the good government of India should be done.

7009. And the Secretary of State would be in a position, notwithstanding that he himself might know very little of India, would he not, through the advice of his Council and through the advice of any eminent engineer or other person that he might call in in this country, to give really very valuable recommendations? — It is possible; at all events I admit perfectly the responsibility that exists upon an officer in the position of Secretary of State, to interpose in any way he thinks necessary to check the freedom of action of the governments in India, which are directly responsible for carrying on our Government there.

7010. But now, for instance, in the Council there is General Baker, who, I suppose, would be admitted to be a great authority as regards public works, and there are several gentlemen who have been Governors in India, and would be able also to assist the Secretary of State in such recommendations, would they not; moreover, he might send for you or for Sir Arthur Cotton, or for any eminent engineer in this country, and in that way be able to give valuable recommendations to the Government of India?—I could say nothing too strong as to my opinion of the character and the abilities of General Baker, and I have not the least doubt in the world that the advice that he gives to the Secretary of State on such matters is of great value; and of course, as you suggest, the Secretary of State is always in a position to obtain the opinions of anybody who has served in India, on any such subjects as you are alluding to. But I may be allowed, perhaps, to suggest that the tendency of the question that you are putting makes it a little difficult for me to deal with it. I do not say that I am not prepared to state what my opinion is on any subject on which the Committee thinks it right to question me, but there are certain points upon which I think it will be seen that I should have a difficulty in expressing an opinion, unless I was distinctly directed by the Committee to give it.

7011. I am not in the least trying to controvert your views, but merely to ascertain whether you think it or not desirable that the Secretary of State should, as it were, initiate works?—I do not at all mean to imply that you are wishing to argue these questions with me, but that there are certain questions which, from their tendency towards personal criticism, it would be difficult for me in my position to give an answer to, unless I am pressed, in fact, directed to give an answer

7012. I should like to have your view as to this particular point, whether the Secretary of State should, or should not, initiate, by recommendation, or by direction, the construction of public works in India?—I think that all I need say about that is what I have said before; that if he does it, it should be done with very great care, and after very anxious thought as to what he is doing; otherwise I should not at all desire to limit his power of action.

7013. Before I go to the particular examples that you have given, I should like also to ask you whether

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whether you think it very desirable that English capital should be employed in the execution of public works in India; that private companies should be induced to raise capital and employ it in making those works?—I think that it is most desirable that English capital should be employed in the improvement of India. Also, I am distinctly of opinion that it is only by means of English capital that any striking or serious improvement of the means of production in India can be obtained. Further, I am distinctly of opinion that so far as English capitalists can be induced to apply their money in India on terms which are financially satisfactory, even if those terms involved some assistance from the public revenues, any effort in that direction may, with the greatest propriety, be made.

7014. And would you not think that it was some justification of the Government adopting very liberal terms with regard to private companies as with regard to the Orissa Irrigation Company, for instance, that if they did so it would be an encouragement to other companies to come forward and subscribe capital for public works?—That was the acknowledged and avowed origin of the arrangement that was made when the Madras Irrigation Company was first guaranteed. Anything which I have said on these subjects is only intended to imply that in coming to conclusions upon them, it is necessary to be extremely careful, and that unless the greatest attention is paid to the opinion of those persons who really know most about the matter in hand, and they naturally will be found in India, and connected with the Government in India, there is a great risk of unfortunate results occurring, even when the motives are most excellent.

7015. With regard to these two particular cases of the Mutlah Railway and the Port of Kurrachee, I want to ask a question or two. I find that in a despatch from Mr. Cockerell, Secretary to the Government of Bengal, dated the 5th April 1864, at page 37 of No. 200 of the Papers of 1865, he says this: "The success of the port of Mutlah is certainly of vital importance to the commerce of Bengal, and it is the only condition upon which the Government can hope to be in any degree reimbursed for the interest it has to pay on the guaranteed capital of the railway." Here we find the Secretary of the Government of Bengal distinctly stating that the success of the Port of Mutlah is of vital importance to the commerce of Bengal. Does not that seem to be a justification of the adoption of the scheme?—In any remarks that I made regarding what I called unfortunate expenditure, I distinctly stated that my remarks represented my own opinion, and that everybody else had a perfect right to his opinion, and I presume that that letter represents the personal opinion of the Lieutenant Governor of Bengal for the time being. As to the upshot of the late discussion (and it is a discussion that has gone on for a very long time, and covered an enormous quantity of paper), the result is that with the entire approval, I apprehend, of the last Lieutenant Governor of Bengal, Sir William Grey, and with the approval of the present Lieutenant Governor, Mr. Campbell, the Mutlah Port has been closed. I think that is the only reply that I need give to that despatch, which expresses a different view of the subject.

7016. It was stated, I find, in these papers, by the promoters of the railway, that the Government did not keep faith with them, that, had the Government kept faith, the condition of the Port of Mutlah would have been very different. It says here, in a letter from Messrs. Borradaile and Schiller to Sir Charles Wood, dated the 4th December 1863: "In 1856, when the rail was suggested by the Government of India, the site of the proposed town and port, lot 54, was a dense jungle, inhabited only by tigers, although cultivation had already commenced on the neighbouring grants. With the view of establishing the port, Lord Dalhousie purchased the lot, and placed it in the hands of the Government of Bengal. Within three years about 6,000 acres were reclaimed and let for cultivation on short leases, and enclosed by an embankment to prevent the inundation of the land which had been cleared." Then it says, "On Sir John Grant's assuming the government of Bengal, all the arrangements which were in progress for the establishment of the port were gradually discontinued. No roads were constructed. Of the large tanks which had been laid down on the map when the lots were sold, only a few were excavated, and no effort was made to drain the land efficiently," and so on; so that they have thrown the blame upon the Government. Are you of opinion that the promises of the Government were not kept as regards the draining?—No, I am not at all. I think that the Government did everything that reasonably could be expected of it, and I think that the only way in which I can reply to that letter is to refer the Committee to the reply which, I have no doubt, either the Secretary of State or the Government of India gave to those gentlemen. I have not the papers before me, and I am not in a position to say what they said, or specifically what they did; but I find from one of the documents which is annexed to the financial statements of this year, 1872-73, that there is a loan outstanding to the Port Canning Municipality from the Indian Treasury of 22,500 *l*, which represents either the whole of a loan or a portion of it (I am not certain which), a sum of money which the Government advanced to that municipality, in order to assist it in its difficulties, to supplement its resources. That, at all events, is a distinct evidence that the Government did recognise some obligation. The question, to what extent it recognised the whole of the requirements that were put upon it by the proprietors of the Mutlah, is another thing, and, in a general terms, one may say that they have not been recognised.

7017. Supposing the Government had really gone into the expense which the promoters called for, no matter what that expense was, supposing that they had thoroughly drained the land, and so on, do you think that in that case there would have been a migration of population to Mutlah, and that it would have been a valuable port Was the navigation sufficiently good to have attracted the commerce there in preference to the Hoogly?—I think that opens up the whole of the great discussion which has been going on for years, resulting, as I said before, in the Government determining to close the port.

7018. Supposing that they had done what I say, do you think then that the port would have become a valuable one?—No, certainly not; according to my point of view, it was in the nature of things that that port could not succeed.

7019. Why?—I should put it shortly in this

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way, that if ships had to go to Mutlah it was absolutely necessary that there should be establishments at Mutlah for the repair of ships and for the warehousing of merchandise, both the exports and the imports. I do not think it is possible that trade can be carried on between countries situated as India and England are without those accessories. That Calcutta, as a fact, had the whole of these accessories provided of course by an enormous expenditure of capital; that to provide anything of the sort at Mutlah would have involved also an enormous expenditure of capital, which it was impossible to look for; that it was quite out of the question to suggest that the Government should provide all of these necessaries for the trade; and as they were not provided, the result was that ships gradually declined to go up to Mutlah. Let us take the case of a ship going to the Mutlah with cargo, and that something went wrong, she is a little leaky or something of that sort; it is necessary to go into dock; the nearest docks are at Calcutta; then the ship has to go out of the Mutlah and up the Hoogly, and whatever the disadvantages of the Hoogly are, all those disadvantages have to be met under the most unfavourable circumstances. An empty ship, as everybody knows, is a most difficult thing to navigate.

7020. *Chairman.*] It would have to be put into ballast?—Yes; but that involves the expenditure of money, and these and similar contingencies involve, in fact, such serious difficulties in the way of carrying on the trade, that whatever advantages at first sight there might be, they are in reality much more than counterbalanced by the necessary disadvantages.

7021. Mr. *Eastwick.*] The water communication was very far superior, was it not; and supposing that you had had all these appliances, in that case going to Mutlah would have been a great improvement?—I think, myself, that the disadvantages of the Hoogly have been greatly exaggerated. There is no doubt that the entrance to the Mutlah is very much easier than the entrance to the Hoogly, but it has rather been a fashion, I think, to cry up the dangers of the Hoogly. Very often a fashion of that sort does arise without one's being able to explain exactly how or why. I remember some years ago, when I was interested in the matter, actually taking the account of the losses of the shipping in coming up the Hoogly, and the conclusion that I came to was that it was something altogether insignificant; and in order to fortify my judgment on that point, I was at some trouble in ascertaining what was the difference between the insurance between an English port, for instance, take Liverpool or London, and Calcutta on the one side, and a port like Bombay on the other, and it was something very little. The total risk on the whole transaction from port to port, is so large when you compare it to the risk on the particular entrance into the port of Calcutta, that the dangers and the difficulties, which I admit do exist in that entrance, are not perceptible in the insurance.

7022. *Chairman.*] Do you think that the Government of India would have been justified in allowing a town of any kind to grow up at what is called Port Canning, without the whole surface of the land on which the town was to stand, and its surroundings, being raised, say, about 10 feet or more?—Yes, certainly it would. I could, if you please, compare it to Calcutta. The land at Calcutta slopes away from the banks of the Hoogly, and at high water spring tides, during the rainy season, when the river is highest, you may say that the whole of Calcutta is absolutely under the level of the river, but there is a considerable tide there, and at low water you get rid of the drainage, and in the same way you could get rid of it at low water at the Mutlah. But at the Mutlah the surface is in an infinitely more unfavourable condition than at Calcutta; it is much nearer the sea, and before any operations took place at Mutlah, the whole of the surface there was under water every spring tide.

7023. Are you aware of the relative difference of the level of the land at Mutlah as compared with the land on which Calcutta itself stands?—My impression is, as I implied, that the existence of Calcutta depends upon the embanked edges of the river. I could not say specifically, the difference of level; of course it depends not a little upon the nearness to the sea. You have the Hoogly running down with a certain declivity from Calcutta to the sea, which indicates a somewhat higher level at Calcutta than nearer the sea.

7024. Does it not also depend upon the relative depth of the surface of the land below the high-water mark?—My impression is that the land at Mutlah, before anything was done there, was about 3 feet below ordinary spring tides.

7025. Do you mean the ordinary level of the land?—Yes.

7026. Not more than that?—That is my impression.

7027. Do you know also the peculiar circumstances of the water in Port Canning?—Naturally if the land is 3 feet under water every spring tide, there can be no natural supply of fresh water.

7028. Are you aware whether the water tanks there are unfit for domestic purposes and cannot be used?—When they were first formed, there is no doubt that the water was brackish. It takes a considerable time to wash out the whole of the salt from the surface soil; it is an operation however in which you are successful eventually. Calcutta lived, until the new water supply was introduced, upon water stored in that way in tanks which were filled by the rain in the rainy season.

7029. Are you aware whether at Port Canning there is only a comparatively shallow crust of clay which holds very superficial water tanks, and that those alone are fresh water, and that when you break through that you get into a stratum of salt-water and sand?—I have no reason to suppose that the nature of the soil is very different from that of Calcutta.

7030. Is it the case at Calcutta that there is only a shallow superficial soil, and that if you go below that you get into a salt-water stratum of sand?—I have no reason to think that there is anything essentially different in the sub-stratum at the two places. There is no practical difficulty in making a tank water-tight; you only want a few inches of clay at the bottom, and clay is very readily got. All that is necessary for defence against the sea is a 3-feet embankment, or thereabout; there is no difficulty in making an embankment of 3 feet to keep out the spring tides, and then the rain that falls gradually washes the whole of the salt off the surface, and by opening sluices to let out the surface drainage, and

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and by keeping out the salt water, you soon get the surface reasonably fresh.

7031. Do you know whether, at the time the railway was sanctioned, the Government of India gave its attention at all to the very peculiar circumstances of the land at the terminus of Port Canning, and the exigencies of the public health and the safety of the inhabitants which might render expenditure necessary before the place could be inhabited?—I think, to a certain extent, they did. I daresay they did not thoroughly appreciate everything which experience has shown ought to have been thought of.

7032. Would it occur to them that it was a reasonable necessity that at least half a million must be spent at Port Canning before the railway could be of any real use to the public?—I think that I stated before that the Governor General in Council had distinctly said, when the railway was first proposed, that he thought it would necessarily be an extremely unremunerative affair, and that he did not recommend it; and I presume that the difficulty to which you refer was one of the circumstances that weighed with Lord Canning and his Council when they wrote to the Secretary of State to say that they thought that the railway ought not to be made.

7033. Was it put before the Secretary of State that if it were made, it would be an inevitable consequence, that they must incur a further expenditure before the railway could be of any use?—I could not say positively, it is such a long time since, and I have not had the papers before me, but I should think it probable that that was one of the arguments used.

7034. Mr. *Eastwick.*] It has been stated by the engineer who made improvements in the Kurrachee Harbour, that the total sum expended has been 370,000 *l.*, and that he calculates 40,000 *l.* more will accomplish all that is desired. It has also been stated that the aggregate value of imports and exports is considerably above four millions sterling, and that the entrance to the harbour has been deepened in such a way that it may reasonably be expected that even these large Indian transports which draw 24 feet, will be able to enter when the whole works are finished. Now putting all that together, and considering that there is no good harbour from Bombay up to Scinde, and that Kurrachee Harbour will be at the end of a railway which will carry troops up to the Punjab, and into all the northern parts of India, do not you think that even a much larger sum might have been usefully expended?—You have in general terms stated the grounds which have led the Government to authorise that expenditure. I in general terms stated my opinion that that expenditure was, to say the least of it, premature. I do not think that any good can come of a discussion on the particular grounds on which my opinion is based, as compared with the particular grounds on which the opinions are based, which have prevailed in carrying out that work.

7035. But do you not think that it would be a very great advantage if troop ships of the largest draught can enter the port of Kurrachee, and even save the voyage to Bombay, during the monsoon?—All that I should reply to that is, that it would be a great misfortune, if, after an expenditure of nearly 400,000 *l.*, some great advantage has not been got. I do not deny the advantage that has been got. I do not deny the advantage of a great many things which I cannot get; but I do say, that in my judgment, considering the wants of India as a whole, these works are not the particular thing that I should have selected on which to spend 400,000 *l.*

7036. When you say that you are looking thoroughly at the great political advantages and strategical advantages that there will be?—Yes, my opinion has been formed on a general consideration of the whole subject.

7037. Would you also say that with regard to the railway from Lahore to Peshawur, and from Multan to Kurrachee, the expenditure for that would not be justified?—I think I said before that, in my judgment, the line from Lahore to Peshawur was probably a right thing for the Government to carry out, but that as regards the extension between Multan and Kotri, I doubted whether the time had come for it.

7038. With regard to the Godavery navigation works, considering that coal now has been found at Chanda, and that it has been stated that a very considerable portion of the traffic which now goes along the Great Indian Peninsula Railway, would go down the Godavery to Coconada, do you not think that, supposing that these canals at the different barriers could be made navigable, the expense would be justified then?—I think that there again my reply must be something similar to what it was with regard to the works at Kurrachee, only that, perhaps, I should be rather more strongly opposed to the Godavery operations than to those at Kurrachee, and for this reason I think that their eventual success, if they are completed, is extremely problematical. Supposing that the whole of those works were completed in the manner that their projectors thought that they could be, or that they should be, even then, I think it would be an extremely difficult thing to induce the exports of the Central Provinces to leave India through Cocanada. If there is one thing which experience proves more distinctly than another, it is that trade cannot summarily, by the action of any individuals or set of individuals, be diverted from its old-established channels into new channels which are artificially made for it. The evidence of the Mutlah has indicated that, to a certain extent, and I have not the smallest question myself that the trade which is concentrated at Bombay would continue to remain there in its concentrated form, in preference to going to Cocanada. There are very great conveniences in concentrating trade, and I think that the experience of England will show the disposition of commerce to concentrate itself; that is what I have always been led to believe, and I think that however advantageous it may be to have what one may call a subsidiary port at Cocanada, and to do everything that is reasonable to assist Cocanada, to improve the anchorage there and the approaches to it, all of which I have advocated, still we are not justified in expecting that the whole course of trade, merely because we open a communication by water from the Central Provinces to Cocanada, shall summarily alter its course, and instead of going to Bombay, where it has hitherto gone, shall go to Cocanada.

7039. When you say that you are taking into consideration the immense cheapness of water carriage with a stream flowing down, and the expense of a railway that distance from Nagpore to Bombay?—I am certainly. You talk of the great facilities of water carriage particularly with a river running down from the provinces to

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the sea; but whatever those facilities may be in one direction, they become difficulties which you have to overcome in the back voyage. If I send my ships and boats down the river they have to go up again. But, further, supposing that the actual cost of the transport from the Central Provinces to the sea was diminished by these works, say, 10 *s.* a ton, it still is necessary to bear in mind that the additional necessary charge for freight on a ship going straight to and from Cocanada as compared with one going to and from Bombay or Calcutta, would probably be more than that 10 *s.* And I may mention some facts which I know relating to freights to India; we have recently been sending rails to Calcutta for as little as 8 *s.* a ton; 20 *s.*, or, say, 23 *s.* a ton is as much as we have recently paid to Calcutta; to Bombay it is a little more; but to Kurrachee, it is 50 *s.* Now, whatever your advantages of transport are to such a port, you never can overcome that; and what is the reason of it? Why, simply that ships which go to a port like Bombay or Calcutta, where there is a large export trade, are certain to get an export freight. If a ship goes to Kurrachee, on the other hand, it has to go down to Bombay to fill up.

7040. *Chairman.*] Will you state whether the rates you speak of are the rates when dead weight is required by the shipowner?—I am talking in general terms of the sort of freights that are paid. No doubt the very low freights from London, of which I spoke, are rates for dead weight, but they do not materially affect the results. I am not an adept at these things, but I give my impressions for what they are worth.

7041. I suspect it will be found that the companies very often have had to pay a great deal more than that?—Freight to Bombay, as I said, is higher; my impression is that the average rate to Bombay is 1 *l.* 10 *s.* as compared with 20 *s.* to Calcutta, and 2 *l.* and 2 *l.* 10 *s.* to Kurrachee; the differences in all cases being mainly dependent on the balance between the export and import trade. Here are the figures out of Mr. Danvers' Report for 1870-71, at page 14, which show the "rate of freight and insurance per ton for railway stores sent to India:" East Indian (Calcutta), 1 *l.* 8 *s.*; Great Indian Peninsula, 1 *l.* 13 *s* 10 *d.* (that is to Bombay); Madras, 1 *l.* 8 *s.* 9 *d.*; Bombay, Baroda, and Central India, 1 *l.* 13 *s.* 4 *d.* (which again is Bombay); Scinde, Punjaub and Delhi (which is Kurrachee), 2 *l.* 13 *s.*; Oude and Rohilcund (which is Calcutta), 1 *l.* 6 *s.*, and State Railways, 1 *l.* 6 *s.* 9 *d.* The above rates, excluding the State Railways, include insurance, which makes them a little higher. The Secretary of State does not insure.

7042. Mr. *Eastwick.*] But the great charge to Kurrachee is because, at the present time, there is no continuous line?—No, I think not; it is the freight of ships from London to the ports, and not the freights from the ports that I have been reading.

7043. But when this line of railway is made, no doubt there will be a greater exportation of goods, and freights will follow, because there will be a greater resort of shipping?—It depends entirely upon the fact of whether there is more trade.

7044. It is only reasonable to expect it?—That is another question, a question of expectation. My opinion is that it is extremely doubtful.

7045. You do not look forward, then, to a great increase of traffic upon that line?—No, I do not, and for this reason, that the producing districts to which the export traffic on the Scinde Railway must mainly look are the districts of the Punjaub, and the districts of the Punjaub are so far from the sea that they are almost beyond the limit at which it ceases to be profitable to export produce.

7046. But, at the same time, supposing that Afghanistan is ever to be in a pacific state, then we might look for a very great exportation of wool from Khorassan, might we not?—That is one of the possibilities.

7047. It has been stated by the engineer who constructed the works at Kurrachee, that the great expense was in measure owing to the Government stopping the works from time to time, and carrying them on in a half-and-half way, and I think the same thing occurred with regard to the Godavery Navigation Works; are you aware that that is the case?—That there has been a considerable difficulty in supplying the money there is no doubt at all. To what extent that may have produced an increase of expenditure I am not prepared to say. That there may have been some additional cost arising from it I do not deny.

7048. I should like to ask you a question with regard to some evidence that was given to us a long time ago by Mr. Geddes; he stated that the famine in Orissa was chiefly owing to the weight of the Government taxation in that province; do you consider that to be the case?—My opinion is that it totally and simply arose from the failure of rain.

7049. But he has stated that that famine arose from their being obliged to export their grain in order to pay the Government taxes?—That is his opinion; he has a right to it.

7050. You disagree with him totally?—Totally.

7051. He says that Orissa would be much benefited by the irrigation works, provided that the cost of the irrigation works was not defrayed by Orissa; I suppose you would admit that, but do you think that those irrigation works would be beneficial, notwithstanding the additional taxation which, of course, they must impose upon Orissa, as upon all India?—I think that there is every reason to suppose that those works will eventually be profitable; and, if I may be allowed to take the opportunity, *a propos* of that observation of Mr. Geddes, I will read a sentence from a speech that Lord Mayo made on the recent passing of the Canal Act; he said this: "It has occurred to me throughout the whole of this discussion, that a sort of anxiety is apparent that, in an expenditure which is incurred for the sole benefit of a particular class or district, some other class or distant province ought to partake in the liabilities, and should, under certain circumstances, be made to pay. This puts me in mind of the old saying of Sydney Smith, "Charity is common to mankind. A. sees B. in distress, and he is most anxious that C. should relieve him."

7052. It was stated by the same witness that famines have been on the increase under English rule. Have you thought of that at all. And is that a fact, in your opinion?—I have no knowledge of any such facts.

7053. Do you disagree with the statement?—Totally;

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Totally; the course of nature is not dependent upon British rule, or any other rule.

7054. I find, under the item of Public Works, that in the Accounts Department there are seven officers, one of whom is lieutenant-colonel, and has the Victoria cross, who are employed simply in the accounts. Do you think that a desirable thing?—I do, most desirable. I myself hold the conviction (and nothing, I think, could justify me more fully in holding that opinion than the present inquiry before this Committee, and the manner in which I have been examined), that there is nothing in relation to the public works operations in India, that is more important than attention to the finance of the operations, and to the accounts. And I think myself that it is impossible to doubt that we should for those purposes get the very best officers that we can, to control the accounts and expenditure, and to assist the Government in all the operations connected with that branch of the administration; and I am happy to say that we have found some most excellent men. Colonel George Chesney, who, I believe, has been examined before this Committee, is an officer of great ability, having a special aptitude for such duties, and he was the person who organised our existing system of account. Colonel Innes, who is his successor, is a worthy successor, and is doing his work extremely well; and the other officers we have in the department, to the best of my belief, are for the most part thoroughly efficient. The result of our experience is, that in order to control efficiently expenditure, such as that on public works, the controlling officer must have a knowledge of the actual operations which are being performed, and for that reason we deliberately seek among the officers who have been employed on works, men who are competent for the duties of the account branch, and we transfer them from the executive branch to the account branch of the department, and we find the greatest advantage from such transfer; in course of time, after having become thoroughly impressed with the system of the Account Department, and its requirements, and its utility, they again are liable to go back to the executive branch; and I consider that the influence of such an interchange in the branches of the administration, so far as it is practicable, is most healthy and most useful.

7055. Is there no friction between the Public Works Department and the General Accounts Department?—The operations in detail are altogether distinct, and there is no ground for friction. Whatever little friction there is, is where the transactions coalesce, that is to say, between the Accountant General of the Public Works Department and the Financial Department.

7056. Are these accounts audited by some one outside the department?—No; the auditors are public works' officers.

7057. But do you think that desirable; do you not think it would be better for them to be audited in the Accountant General's office, or by some outsider?—I think not. The general question of audit is a very large one, and a very difficult one to deal with, and I am not prepared to say that the conditions under which the public expenditure in India is audited at the present time are satisfactory to my own mind. There is, of course, a very important distinction between the critical examination of the expenditure as it goes on, which I understand in England is called examination, which term has also been adopted in India to a certain extent, and the audit, which is the revision by a superior and outside authority of the whole of the expenditure, both with reference to the authorities and the general character of the outlay.

7058. *Chairman.*] Not the administrative character, but vouchers?—The regularity of the expenditure, viewing it in all its aspects, not its policy or expediency.

7059. Mr. *Eastwick.*] Strictly speaking, there is no audit with reference to these public works?—The auditor of the Public Works Department is the Accountant General, and the audit is of this sort. The examining officer is an officer who is called the Comptroller. He critically examines the whole of the outlay in detail, and from him the general results of this examination go up for scrutiny to the Accountant General; he prepares a yearly account, of which I have brought a specimen here, which is called the Annual Appropriation and Outlay Account, in which the Accountant General of the Public Works Department goes critically in detail through the whole of the expenditure of each province, and comments on the whole of it; in fact, he performs the functions belonging to an auditor, and he presents his report to the Governor General in Council, and the Governor General in Council thereon makes any remarks or gives any orders that appear to be required.

7060. *Chairman.*] His is not an audit of vouchers, but of account simply; the vouchers are not all sent to him, the pay-lists, I mean; it is like the audit going on of the army expenditure?—It is on that principle, I believe.

7061. Mr. *Eastwick.*] I can understand that it might be desirable that the officer in the chief control of the accounts in the Public Works Department should be an engineer, but is it necessary to have six assistants, one of them a major, and the rest captains?—I think it is, if you consider what is the magnitude of the transactions and the magnitude of the country; it is a country that is as large as the greater part of Europe. We are not talking of operations that are confined to a parish.

7062. These officers, then, supervise the accounts of the whole of the public works throughout India?—Yes, and they are locally distributed.

7063. Then you consider that no improvements can be made in this Accounts Department? I would not say that at all. There is no human institution with which I am acquainted which is not capable of being improved.

7064. What suggestion would you make for improvement in this matter?—I do not know that I have got any specific recommendations to make. And supposing I had any particular views of my own, I do not think that that is the way in which improvement is to be made. I think that where there are large general questions of policy which have to be recognised, I may usefully here say what my opinion is, upon such questions of policy, but as to the particular method of dealing with any special account, or any special part of a system of organisation, I think the only way to get improvement is to let the officers who are responsible find out the defects, and as they arise, find remedies for them. We are in a constant state of ferment and change, and I hope improvement.

7065. How long do these officers remain in the Accounts

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Accounts Department?—Some of them are quite permanent.

7066. I thought you said that all of them interchanged and returned to the other department?—We aim at doing that so far as it is practicable. For instance, Colonel Innes has been employed in both branches, and not very long ago he did return to an executive appointment.

7067. Is there not a rule that after a man has served so many years, he must either give up the general service or return?—We have no such rule as regards the old Indian service.

7068. It does not exist with regard to this department at all?—No; and as regards the new system under which the Royal Engineers are beginning to serve in India, no very precise rules have been laid down.

7069. You do not think it would be desirable that a time should be fixed during which they might be in the Accounts Department, and that afterwards they should return to the executive?—I think the more elasticity left in matters of this sort, to the responsible administration, the better. At any rate, I am not prepared to make a specific suggestion in such a direction.

7070. The chief suggestion you have made I think is, that there should be a minister of public works?—That was one of the suggestions that I made.

7071. You have nothing to suggest with regard to the department in this country, have you?—Well, I think all that I had to say regarding that, I said the last time I was here.

7072. Could you sum up, in a few words, what it was?—The matter was raised by questions of Mr. Fawcett's, Nos. 6807 and 6808, and several others; and there were some important questions that were asked by Mr. Birley, too, on that point. My views will be found in the answers to those questions.

7073. Mr. *Grant Duff.*] I want to ask you this question: when you were speaking the other day about the affairs of the railway companies in this country, you did not at all mean, did you, to throw any blame upon the conduct of the Government business, so far as it is conducted by the Government Director of Railways?—Not the least in the world; and I think if what I said is read with the context, it will be seen that I was referring altogether to the general operations of the Government, and not at all to any specific acts of any particular officer, or the way in which those acts were carried out, or the way in which the railway boards managed their business.

7074. If the office accounts of the railway companies in India have been in a backward state, may it have been due to the failure of the supervising authority to appreciate, at first, the very great magnitude of the transactions?—I have no doubt of it. For want of some specific responsible officer to whom the whole of the matters that were connected with this important subject would go, that I believe had been lost sight of.

7075. Do you think that the authorities in this country could very well interfere with the examination and passing of accounts by the Government officers in India; do you, in fact, think that such a matter of detail as the examination and passing of the accounts of the railway companies by the Government officers in India could very well have been directed from this country; must it not have been left in the hands of the Government there?—To a certain extent you are perfectly right; but to a considerable extent allow me to say that the Government in this country has interfered, and that very interference is one of the serious objections I have to take to the system.

7076. In what way have they interfered?—They have interfered in setting aside decisions which have been come to by the Government in India.

7077. To make the supervision more stringent or less stringent?—Less stringent.

7078. *Chairman.*] Was not that because some of the directions which the Government of India had given in their operation became inconsistent with the engagement of the Government in their guarantee contracts?—That is the view which the Secretary of State would take of it, perhaps; but I do not admit that that is so.

7079. That is a question which arose?—That is one of the questions which may have arisen, but that is not what I referred to.

7080 Mr. *Grant Duff.*] All the half-yearly accounts between the Government and the railway companies are passed in India by the authorities there, are they not?—They are.

7081. Some remarks were made the other day about the extent to which the line of railway running towards Peshawur has been sanctioned. The Government Director, in his report which was laid before Parliament, has guarded himself from misconception as to the length to which that railway had been sanctioned; he had spoken to the whole amount being three millions, I think, if I recollect right, but at the same time had spoken of that as a loose estimate, knowing perfectly well that the railway had only been fully sanctioned as far as Rawul Pindee?—I believe what occurred was this, the Chairman referred to Mr. Danvers' report, and read out what appears at Question 6794, to the effect that a certain sum was to be spent on the Punjaub northern line, from Lahore to Peshawur, and 5,000,000 *l.* from Moultan to Kotri. My reply, which was simply based upon what was read to me, was to the effect that that was not a correct statement of the facts; I did not refer to Mr. Danvers' report; I had not it before me. Subsequently at Question 6873, the Chairman said, "In the report of the Government Director of Indian Railways in London for 1871, it is stated that the State railways at present sanctioned, are estimated to cost 12,000,000 *l.*" (*Handing the report to the Witness.*) I then took the report in my hand, but I did not read it; I merely looked at the figures. I said, "Well, these figures are not correct, simply, I do not know where Mr. Danvers got them from, but they are not correct." To Question 6874, I said, "There is 3,000,000 *l.* put down here for the line from Lahore to Peshawur. Now the line from Lahore to Peshawur has not been sanctioned to begin with; the line that has been sanctioned is from Lahore to Rawul Pindee."

7082. The Government Director had sufficiently guarded himself, had he not?—I had not the report before me.

7083. His words are, "The following figures will give an approximate idea of the money required for those which had been decided upon." Virtually the line to Peshawur has been decided upon?—I have no knowledge of that. My information goes to the Secretary of State having sanctioned it as far as Rawul Pindee.

7084. But there would be no sense in the line stopping at Rawul Pindee?—That is a matter of opinion. But I had not the least idea of implying that Mr. Danvers' figures were erroneous

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erroneous in any objectionable way. The whole scope of the examination was to press me to admit that the expenditure which the Government of India actually had in hand, was extremely large, and what I desired to show was, that the expenditure that had actually been ordered was not so great as was alleged; it was nothing more than that.

7085. Mr. *Eastwick.*] You said, in answer to Question 6879, that you do not see the propriety of adding a charge for interest to the cost of construction. I would just refer to a Despatch from the Government of India, dated the 11th of March 1869, where it says, "An unsuccessful railway is therefore a public burden. Resources, which might otherwise be applied to the extension of material or administrative improvements are permanently diverted to provide for the payment of interest on capital which has been misapplied, and remains unproductive." You will find that at paragraph 10 of page 4 of this Despatch of the Government of India, dated the 11th of March 1869, No. 351, of the Parliamentary Paper of that year. There is a conflict of opinion there, is there not, with that which you have expressed?—I think none. I entirely agree with every word of what you have read there. If it is in a despatch of the Government of India, the chances are that I drafted it myself. I have explained, I think, more than once, in this room, that what I mean by saying that you should not add the charge for interest to the capital, is, that when you are dealing with the financial questions that arise with reference to such expenditure, the only amount that can properly be considered as capital, is that on which interest continues to be payable; and that so far as expenditure is met from the revenues of the year, and got rid of finally, once for all out of income, it is not a cause of prolonged burden to the state, and interest should not be charged upon it.

7086. These statements do not seem to me to agree very clearly, because it speaks of resources being "permanently diverted to provide for the payment of interest on capital which has been misapplied"; then, of course, there must be a charge in consequence?—That is a truism.

7087. *Chairman.*] If money is borrowed at interest to construct a railway, and that railway produces no revenue, the interest that is paid is an annual charge upon it, of course?—Yes. In the reply I have given to Question 6879, all I have said is that there is no reason to go on adding the annual charge for interest to the original charge arising from outlay of borrowed money, because you get rid of the annual charge by paying it.

7088. There is no reason to do so any more than if the Government built a barrack, or a Government house, and there was a deficit on the revenue, they ought to charge the interest upon that barrack or Government house to all eternity, and add it to the cost; that is your view of the position of the State railways?—That is my personal view, dealing with the finance of these operations.

7089. To go to another point, you recollect that in your evidence you stated that in some cases you considered that the Government of India had been pressed to undertake works which had not turned out well, by the Secretary of State in Council; and you cited the Godavery navigation, and finally referred to a despatch which had been sent from the Government of India at the beginning of last year, as containing a summary of that transaction. The Committee have received that despatch, dated Simla, 1st of June 1871, and I am anxious to call your attention to some of the statements in it, and to ask you to explain the points that arise in the despatch. It is stated that "the scheme was first mooted in a general way in 1851, by Major F. C Cotton. Various explorations and surveys were undertaken from time to time in the following years, under the authority of the Honourable Court of Directors of the East India Company, and up to 1861 a sum of about 20,000 *l.* had been spent in these and other preliminaries." Then the despatch goes on to narrate what had been done by the Government of Madras up to 1863, "when the project fairly came under the Government of India." Then it proceeds to state what had been done by the Government of India. And then it states, "These orders of the Government of India were reported in its despatch to Sir Charles Wood, No. 116, dated 13th of September 1865; which reviewed past proceedings, and expenditure in connection with the scheme, and gave the views of the Government of India as to the prospective measures to be adopted with reference to it. At that time the expenditure had risen to 286,000 *l.*, and the estimated cost of the works, including the third barrier, was then stated at 800,000 *l.*, or even 1,000,000 *l.*" Now, it would seem from the statement of this despatch, as far as I have gone, that with the exception of the 20,000 *l.*, which had been sanctioned by the Court of Directors for surveys, the whole of the expenditure had been carried on with the authority of the Government of Madras and the Government of India; do you concur in that view of this despatch?—Not at all; you must remember what the despatch is about, from whom it is written, and to whom; from the Government of India to the Secretary of State; I, so to speak, was the pen that wrote that despatch, and I may say that it was not considered either decent or necessary to refer in it in an offensive way to the action of the Secretary of State in connection with these works, which had, as I think, more or less been opposed to the wishes of the Government of India. The Government of India did not wish to write anything that should be disagreeable to the Secretary of State; there was no object in doing so, or in laying any stress upon those facts. Further, you must remember that there is no doubt that all expenditure that actually takes place in India takes place under the authority of the Government of India; nothing is done in India except what is done by the Governor General in Council, or with his sanction; and, consequently, if the Secretary of State gave specific orders that anything should be done, it still would appear as though the actual order in India was given by the Governor General in Council, and in that sense the whole of those orders were given by the Governor General in Council. Perhaps when I used the expression Secretary of State, I should have explained that he has inherited the burden of the acts of the Court of Directors; I drew no distinction there.

7090. I want to call your attention further to this: "The orders of the Home Government in reply to the Despatch above referred to, were communicated in Sir Charles Wood's Despatch, No.

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No. 11, dated 8th February 1866." In that the Secretary of State gives a sanction to a certain amount of expenditure. Now I wish to call your attention to this paragraph in the despatch: "Previously to the receipt of this exposition of the views of her Majesty's Government;" and here it would seem that the Government of India was acting, therefore, entirely on its own motion and spontaneously ——?—Excuse me for stopping you there. If you wish to prove that my general impression is wrong, and that this expenditure was due to the spontaneous action of the Government of India, and not to the action of the Secretary of State, all I can say is, let the papers be produced; but I have not got them, and I have no control over them.

7091. I am asking you whether this is not a distinct statement of the spontaneous action of the Government of India in dealing with this question, whatever may have been its idea of other people's views?—Not at all.

7092. "Previously to the receipt of this exposition of the views of Her Majesty's Government, the Government of India;" then it goes on to say that they have taken certain steps, but it states this: "issued orders for the completion of the first barrier project, with a short canal, with full-sized locks for steamers, estimated to cost 170,000 *l.*; and also sanctioned an estimate amounting to 113,400 *l.* for the works at the second barrier, which were ordered to be pushed on with all practical expedition." It would seem from that, that so anxious was the Governor General of India to embark on this project, that without waiting for a reply to his own representations, he directed this expenditure to be made and pushed on with all expedition?—I can only reply on this point that what you have said is a very ingenious gloss upon the despatch, but that the despatch was not written with a view of fixing the shares of the responsibility for the expenditure between the Secretary of State and the Governor General in Council. All it was proposed to do was to indicate the actual steps that had been taken, and their results. As I said before, I repeat, the actual order to spend money in India necessarily comes from the Governor General in Council; but it does not at all follow that he was not instructed by the Secretary of State to see that these things were done. On the contrary, I say he was so instructed; and when the Governor General ordered certain things to be done, the particular orders given were for the carrying out and the proper carrying out of the general instructions received from the Secretary of State. It is not the business of the Governor General to fly in the face of every order he may receive from the Secretary of State, simply because the order does not fall in with his own views of propriety.

7093. All I wish is to call your attention to this despatch which you referred to as containing an accurate statement of the relations subsisting between the Governor General of India and the Secretary of State?—No, I beg your pardon. I said that that despatch would show the general course of events, and it refers to the facts, but not in the sense of attempting to fix any special responsibility as between the Governor General and the Secretary of State as to who was responsible for ordering the works to be carried out. If I appeared to say that it was written in that latter sense I did not intend it.

7094. The only paragraph in this despatch which would seem to show that any expenditure above the original 20,000 *l.* in surveys was not the spontaneous act of the Government of India is paragraph 13, to which I will call your attention. The 12th paragraph says, "These orders" (that is, the orders of the Government of India) "were reviewed in Sir Stafford Northcote's Despatch, No. 86, dated 14th of September 1867, in which various modifications of them were proposed," not ordered, but proposed. Then paragraph 13 says, "In the first place the Secretary of State expressed a preference for the long canal of 20 miles at the first barrier over the short one sanctioned;" sanctioned by the Government of India, it means "involving an increased prospective expenditure of some 150,000 *l*; and in the next place, he desired the immediate prosecution of the investigations connected with the extension of navigation to the utmost extent, including surveys with reference to the storage of water to increase the supply of the river in the dry season. In other respects, the orders of our Government were approved, and also the expenditure of 10,000 *l.* on a road"?—I do not think I need say anything more on the subject than this. It is a question of fact. Either the Government of India did it on its own motion or the Secretary of State did it on his own motion. If it is a question worth being discussed, there is no difficulty in ascertaining the facts. I have stated my impression; I adhere to my impression; and nothing that I have heard you read out of that despatch modifies that impression at all.

7095. Then it goes on to say, "The total expenditure on these works up to the present time, including that incurred under the Madras Government prior to 1863, is about 700,000 *l.*, and for this the works at the first barrier, including the short canal, have been opened for traffic, and some progress has been made on the works at the second barrier." Then, it says, "To complete the works of the second barrier according to the present design will cost about 120,000 *l.* in addition to the sum already spent, and this expenditure will consequently give some sort of communication from the sea to the foot of the third barrier for steamers and country boats." And finally, it ends by saying, "The history of this project should, we think, be a caution to every future Governor of India not to take up engineering projects until complete designs for the works and estimates of their cost have been carefully worked out." That seems to be exactly what the Secretary of State, Sir Stafford Northcote, was anxious should be done?—Quite so.

7096. And in the meantime, instead of doing it, the Government of India have been going on making an expenditure upon this work until they describe it thus: "The project has already swallowed up 700,000 *l.*, with no practical result, in obtaining a through communication; the work done cannot be utilized in any sensible degree until a total outlay of at least 900,000 *l.* has been incurred, and cannot be made complete for navigation under a total outlay of 1,200,000 *l.*" That would seem to be the position in which the question was placed, not by the orders of the Secretary of State, but by the neglect of the orders of the Secretary of State, to have surveys accurately made?—I have nothing to say on the general subject, or as to the conclusion that you have drawn, beyond what I have already repeated more than once; but I will say this, in the most distinct way, that whether your conclusion

conclusion be right, or whether mine be right, you are on the horns of a dilemma. If the Government of India has been acting under instructions from the Secretary of State, it is as I say. If the Government of India has not been acting in conformity with the instructions of the Secretary of State, if the Government of India has been carrying out these works of its own motion, and with such a result, then what has the Secretary of State been doing, and what is the nature of the organization or system which allows such expenditure to go on by the Government of India, without the Secretary of State being in a position to prevent it? My own conclusion is, that the Government of India was not wrong to the extent that you appear to imply, but, in one sense, I have no objection to the other conclusion; and, so far as my wish for improvement goes, really whichever alternative you accept, it is the same thing to me. I say that a great number of defects exist in the organization of our system, which I have pointed out, and that I desire to see these defects removed. To me it is a matter of comparatively little importance who is the person that may appear chiefly to blame under a bad system. What I desire to see is the bad system corrected. I do not wish to throw stones at anybody.

7097. You feel somehow or other that the work has gone on, and you unfortunately have been an instrument engaged in these proceedings, whether one way or the other, under the Government of India, or the Secretary of State?—In this particular case I do not greatly feel that I have been an unfortunate instrument, because my concern with it has not been great. In other cases I do admit that I have been an unfortunate instrument

7098. Sir *Stafford Northcote*.] What I understand you to say is, that these Godavery works were, in the first instance, commenced on the suggestion of the home authorities and the Board of Directors or the Secretary of State, as the case may be, against the judgment of the Government of India?—I do not think that I ever said that. I should like to refer to what I really did say.

7099. I only want to know what you mean. Do you mean to say that it is your belief that these works were in the first instance commenced on the suggestion of the home authorities?—No; I did not say so, to the best of my belief.

7100. At whose suggestion do you understand they were originally commenced?—They were commenced as stated in that despatch on the suggestion of Major Cotton, now Sir Arthur Cotton, communicating with the Madras Government, I presume.

7102. I want to know at what particular period the pressure of the Secretary of State was exercised, and I find from you that it was not exercised in the commencement of the work?—I must again say that the discussions have been going on, as that despatch will indicate, since 1851. I cannot undertake to remember in detail everything that has been going on for twenty years.

7102 I do not want to enter into any controversy, but to get at what it is that you do mean. You have told us that in some form or other, and at some period or other, you believe that pressure was exercised by the Secretary of State upon the Government of India with regard to these works. I want to know to what do you refer; you say not to the commencement of the works; do you refer to the continuation of them? My impression is that the time when the Secretary of State interfered, and expressed a strong opinion in favour of carrying out the works, was some where about 1861, as far as my recollection goes.

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7103. I have no reason to doubt that you are right, but after the works had been carried to a certain extent, questions arose as to whether they should be prosecuted further, and to what extent, did they not?—That is quite correct.

7104. The result of that was that the Government of India sent a commissioner down to make certain inquiries, did they not?—Well, Sir Richard Temple went down, and there have been repeated inquiries made in one form or another.

7105. Then was it not the case that on the 8th of March 1867, the Government of India reported to the Secretary of State, submitting the report of Colonels Fife and Anderson, with Major Haigs' memoranda, and Mr. Temple's minutes, and discussing the whole question, and that that was the despatch in answer to which my despatch of September was subsequently written?—That is quite correct.

7106. In that despatch of the 8th of March the Government of India, after having given various opinions of those who had been reporting to them, conclude by saying, "While we have ordered the arrangement above reported to be carried out as being on the whole the most desirable course to pursue after the steps which have already been taken towards the execution of the works embraced in the Godavery navigation project, we are still not convinced that what has been done and ordered will on the whole prove to be profitable in a degree commensurate with the expense. We forward a Minute by our colleague, Sir Henry Durand, which tends to support this view." Do you remember that Minute?—Yes.

7107. Sir Henry Durand's view was in favour, I think, of abandoning the execution of further works?—It was.

7108. Are you of opinion that in consequence of that despatch the Secretary of State should have proceeded to reverse what had been previously done?—I think that an extremely difficult question for me to give an answer to. I cannot recall to mind at the present moment what my particular opinions were at that time, and without having the whole of the papers to refer to, I really should be sorry to say what my opinion was; but I am perfectly ready to say this, that I think the Secretary of State at that time was perfectly justified in the answer which he gave.

7109. I want to come to the question of pressure, if you please; you were not a member of Council at that time?—No.

7110. Were you confidentially consulted by Sir John Lawrence, as he was then, with regard to matters of this kind?—Well, I could not say that I was at that particular moment; I could not say positively; I was not Public Works' Secretary at all events.

7111. It would not be therefore within your knowledge what private communications might have passed between the Secretary of State and the Governor General upon such a subject as this?—Certainly not.

7112. Even though those private communications

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tions were communicated to the Member of Council?—No, certainly not.

7113. I will read to you a portion of a letter which I wrote to Sir John Lawrence on the 9th of June, when this despatch was brought under my notice; I said, "I am far from satisfied about the Godavery works; we seem to be spending money with very little certainty of obtaining a return for it; and at this moment when there is so much to be done in the way of really remunerative works, it seems a great pity to be proceeding with a forlorn hope of this kind; I have not yet discussed the subject with our Public Works' Committee, but I am much inclined to put a direct question to your Government, which I hope you may answer in the sense of Sir H. Durant's able Minute. It would no doubt raise a great clamour if we were to suspend works of such importance; and it must not be done without very careful consideration; but if, upon such consideration, we should be satisfied that they are a mistake, we may face the responsibility, and, I think, should be able to justify ourselves. Now that we have entered upon a plan of executing public works on a great scale with borrowed money we ought to be severely critical and even sceptical in examining the projects which we should take up." By the same mail I wrote also to Lord Napier, who was then Governor of Madras, and I said, "I should be very glad to have your opinion upon the difficult question of the Godavery works. The inclination of my mind is towards the entire abandonment of the scheme as wholly unreliable; but it would be a serious step to take, and I am anxious for good advice, especially from Madras. Bear in mind that we are now entering upon a course of large expenditure of borrowed money on public works, on the understanding that they are to be remunerative. Some limit must be placed on this expenditure, and what is applied in one quarter must be spared in another. Do the Godavery works deserve a preference over others?" In reply to the first of those two letters, I received one from Sir John Lawrence, which I cannot read, because it is a private letter, but the substance of it is that he had consulted the Council regarding the Godavery works, that he thought the position was one of some delicacy, and that, upon the whole, his advice was that the works should not be given up; that having had some inquiries made, having had a commission, and having had a great deal of information, he thought that it would be better, his own idea on the whole was, to go on with what the Government of India had proposed, concentrating our energies mainly on the first and second barriers until they are completed, and by that time he says we should have practical evidence of what further might or might not be undertaken, and at what cost. He went on to say that if I should decide on closing all the works and accepting the waste of the money we had spent, he was sure no one in the Council would say a word in opposition. Lord Napier, in reply to my letter, stated to me that it was his opinion that we ought not to discontinue the works, but go on with them; and in consequence of those two letters the matter was fully discussed by the Council at home, and we decided finally upon proceeding with the works. I wrote, therefore, to Lord Lawrence, saying, "We have decided not to interrupt the Godavery works. Lord Napier says, and very properly, that they should be charged to income and not to capital; and that they must be regarded in the same light as we regard expenditure on roads, which open up the country, but do not prove directly remunerative." To which I received a reply from Sir John Lawrence, saying that he was glad we had so decided, and thought it, upon the whole, the best solution of the difficulty. Now having stated those facts to you, I wish to ask whether you were at all cognisant of any of those proceedings?—No, I was not.

7114. I would ask you, having taken from me the statement of what passed, whether you think now that there was any undue pressure exercised in the year 1867 upon the Government of India in this matter?—I do not, and I am not prepared to say that I ever thought so; and if you will allow me, I will add that I have just been looking over what I said on a former day; it begins at Question 6736 and goes down to Question 6749; but the particular answer that I refer to is that to Question 6743. I was asked, "Does it occur to you that the Governor General ever wrote a despatch, after a good deal of discussion had taken place, in which he did recommend that the works should be commenced and carried out to a certain extent?" and my answer was, "To a certain extent I have no doubt that may have occurred, but under the pressure from the Secretary of State. When I say pressure I mean that the Secretary of State had strongly expressed an opinion that some such work should be carried out, and he invited the Governor General to say what could be done." In the preceding Question 6742, I was asked, "Were not the works originally sanctioned by the Governor General?" I replied, "On the order of the Secretary of State; and to a very great extent the works have been carried out under the instructions of the Secretary of State from time to time, if not without estimates, with extremely imperfect estimates which the Government of India has in vain tried to get, and only has got quite lately." Now I say that there is nothing at all incompatible in those remarks with what you have read.

7115. You will understand that I am not in any way wishing to enter into a controversy with you; I only wish that it should stand clearly upon the evidence what you really do mean, what the facts really are, and that we should also be able, upon this matter, a little to sift the question of the respective responsibilities of the Secretary of State and the Government of India. Now, upon the official despatches alone, the despatch, that is to say, from the Government of India on the 8th of March, and the reply of the 14th of September 1867, it would appear that the Government of India, after having had a commission and examined the matter carefully, have made a certain recommendation to the Secretary of State, and that the Secretary of State, upon the whole, has approved that recommendation. You made an observation just now, that in these communications it would not be the wish of the Government of India to put matters in a manner that might be offensive to the Secretary of State. Do you think that there was any reason for the Government of India at that time abstaining from stating fully and freely its views upon this important matter?—I think that, for the purposes of this despatch of June 1871, everything was said that it was requisite to say. It was not necessary to go into a critical explanation of how the expenditure had arisen; what was wanted in

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this despatch was, to show what was the present condition of things when it was written.

7116. I understand you to be of opinion that it is right that the ultimate responsibility in matters of this sort should rest with the Secretary of State?—Certainly.

7117. Has not the Secretary of State a right in return to have the most true and perfect representations of the views of the Government of India upon important matters?—Certainly.

7118. Do you think that in this case, if the Government of India were of opinion that the works ought to be stopped, the Secretary of State was fairly treated and fairly put in possession of their opinion to that effect?—I am not aware that I said what I understand to be suggested by your question, that the Government of India did not express their opinions fully to the Secretary of State on those matters.

7119. At the period of which we are speaking, it may have been a question whether the works should have been stopped or not; are you personally of opinion that it would have been wise to stop them?—At what period?

7120. In 1867, after the commission of Colonels Fife and Anderson, and Major Haig?—No; my opinion was that they should be gone on with, as I agree now with the conclusion in opposition to the Government of India, which has been sent by the Duke of Argyll in reply to this despatch of June 1871.

7121. As a matter of fact the Duke of Argyll has now stopped the works, has he not?—No.

7122. *Chairman.*] Will you tell us what the Duke of Argyll has done?—The Duke of Argyll reviews this despatch, and says that he generally coincides with all that is said in it; that it is not necessary to discuss it in detail, but on the whole his conclusion is so and so. He refers to a paragraph in this despatch in which there are alternative courses of action mentioned. There are three alternatives given in paragraph 27, and this is the one that the Duke of Argyll has accepted, to complete "the navigation works as far as the foot of the third barrier on the smallest possible scale, and make a road thence to Chanda, to join existing roads to Nagpoor and Kingunghât."

7123. And so bring the work on the Godavery to a conclusion?—Yes, and my personal opinion is that that is the correct conclusion to have arrived at under the circumstances.

7124. Sir *C. Wingfield.*] You said in your last evidence that the cost of the Rajpootana railway will not exceed 5,000 *l.* a mile; I wish to know whether by that answer you mean to imply that all State railways can be made at that rate; because I find from a Despatch of the Government of India, that the railway from Kundwah to Indore, which is 86 miles in length, is estimated to cost 750,000 *l.* exclusive of rolling stock, and so on; therefore the cost of the works and permanent way alone for this 86 miles is, as nearly as possible, 9,000 *l.* a mile?—The cost of any railway of course essentially depends upon the country that it traverses. The line from Agra to Sambhur goes over what is an easy country; the line from Kundwah to Indore goes over country as difficult as there is in any part of India; in one case the estimate, so far as it is made up to the present time, according to my information, amounts for the easy line to about 5,000 *l.* a mile, and the reports sent to the Secretary of State, say within 5,000 *l.* a mile; for the other I cannot say specifically what the precise amount is, because the contract is a scheduled contract on rates, and I have not seen the quantities; but I believe that the cost of that line will be somewhere between 9,000 *l.* and 10,000 *l.* a mile.

7125. It is not a general proposition then that the State lines will be made for 5,000 *l.* a mile?—Certainly not; and I can say farther, that the estimate for the Indus Valley line, the upper part of it, between Moultan and Sukkur is 6,200 *l.* a mile.

7126. In that railway correspondence containing those minutes which have been frequently referred to, the cost of State railways is estimated at from 8,000 *l.* to 10,000 *l.* a mile; but I apprehend that at that time the metre gauge had not been determined upon?—That is so; the estimate of 10,000 *l.* a mile referred to the broad gauge, constructed in the most economical way practicable.

7127. *Chairman.*] Could you give us an exposition of this fact, or an elucidation of it rather, that on the 27th of May 1872 this Committee received from the India Office papers which were to show the cost of the State railways and their probable returns (No. 12 of the Appendix), and I have been unable to discover from those papers the figures and views which you are now giving; how are we to arrive at those views?—The paper that you received from the India Office was not prepared for me; I know nothing about it.

7128. You have seen it, I presume?—I have seen it.

7129. Does not that paper bear out the report of Mr. Danvers, to which your attention was called, showing the cost of the State railways as estimated with the qualification that it is an approximate idea, and showing that the money required for what has been decided upon is 12,300,000 *l.*?—That is quite possible.

7130. Can you tell us how we are to get any authentic information as to the statement that you are now making respecting the cost of the State railways?—I suppose if you ask information from me you must take what I give you.

7131. We have now before us a document from the India Office of 27th May 1872, which does not seem to coincide with the information that you are giving?—I can quote from Despatches of the Government of India; I have nothing to do with the ordinary Railway Department in the India Office.

7132. But you are giving us information at variance with a document which was transmitted to us so late as May 1872?—I admit that it is my misfortune that I should appear in that light. All I can say is, that my figures are right; all that I have stated is taken from the official papers which I have got from India.

7133. Having received a set of official papers from the India Office very lately, we should be glad if you could refer us to the official papers which you are now quoting from?—There is a Despatch from the Government of India to the Secretary of State, dated the 15th December 1871, to which I may refer.

7134. I find, at page 46 of the Paper of May 27th: "For 84 miles of line, costing one million sterling, this amounts to 23,620 *l.*, or 2·36 per cent. upon the capital sunk." That is under the head of "Holkar State Railway." Indirectly, then, we are informed that it will cost a million sterling?—A contract has been made for the Indore State Railway, but, as I mentioned before, it

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it is a scheduled contract, a contract of prices, and I have not got the quantities, and it is quite impossible for me to say, therefore, positively, what is the amount.

7135. Have you any document from which you could give an account of the expenditure as proposed?—Merely the rates; I have got them somewhere, but I have not been able to lay my hand upon that this morning. Approximately I think that the figures which you have before you are probably quite right.

7136. The Government of India sent the Committee a telegram the other day giving us an account of how much these railways were to produce in the way of profit, and they gave us the net result?—Here I have stumbled upon a report by Mr. Campbell, who is the engineer who laid out the Indore line, it is at page 48, paragraph 101, "the line has a total length of 85·80 miles, and costs 747,884 *l.*" That is the best information that I have got about it.

7137. Is it the final statement of this compilation of papers?—It is.

7138. But that is at the rate, with the addition of the other matters, of 10,000 *l.* a mile?—It is something under 9,000 *l.*

7139. In a Despatch, dated the 26th of February, from the Government of India Public Works Department to the Secretary of State for India, it states this: that including the Nerbudda Bridge, the engineers' estimate for the 86 miles of metre gauge line is 751,000 *l.*; and, adding 1,000 *l.* a mile for rolling stock, stations, machinery, and shops, its cost, as estimated by Mr. Campbell, may be taken at 840,000 *l.*, and including engineering establishments, 900,000 *l.*, which is 11,000 *l.* a mile?—I suppose that is all right, but I have not seen the Despatch.

7140. But that is not quite consistent with your 5,000 *l.*, is it?—That is a different line.

7141. But you do not accept the statement in the report of Mr. Danvers, which makes the 350 miles, or 360 miles, cost 2,500,000 *l.*?—I have here a Despatch from the Government of India to the Secretary of State, dated the 15th December 1871, which states that an actual contract has been made with a Bombay firm for the carrying out of the whole of the works on the line between Agra and Sambhur, inclusive of maintenance, for two years, and that the result of this will be as follows: "The estimates got out by Mr. Furnivall amount to about 4,000 *l.* a mile, and it is reckoned that, allowing for the variations in quantities due to certain revisions of the designs, and including rolling stock and establishment, the total cost of the line may be kept well within 5,000 *l.* a mile;" that is for 185 miles, and that includes also a bridge over the Jumna at Agra. That is the last information that I have regarding the Rajpootana railway. I can give you the authority, if you care to have it, for a portion of the Indus Valley; there is an estimate for that of about 6,000 *l.* a mile.

7142. Sir *C. Wingfield.*] Now I want to ask you something about the Eastern Jumna Canal. You said, I think, that our Government have spent as much upon that as would have made the canal *ab initio*, and that it was a mere ditch when we first took it in hand?—I said something of that sort.

7143. Now I want to know if you can tell me when expenditure on that canal began, because I was very intimately acquainted with that canal some 25 years ago, at least a considerable section of it, and I certainly say that 25 years ago or more it was as big as the New River midway between Ware and London; from the year 1844 to 1848, I speak of?—The figures here show that the capital outlay to the end of 1846-47 was 97,000 *l.*, call it 100,000 *l.*, and up to the year 1870-71 it is as much again.

7144. But I should have said that 96,000 *l.* would not have anything like made it such a canal as it was when I knew it?—But you must remember this, that the cost of labour was very much less in those days; also, that the canal had been in actual operation for a great many years; that it was gradually improved, and that there is no doubt at all that a great deal of the work of improvement was carried out under the head of expenditure for maintenance or repair, clearing the bed and things of that sort; and the capital outlay represents only the outlay upon specific new works, weirs, bridges, the falls put in to correct the levels, and so forth.

7145. You do not mean then that the width of the canal, as constructed by the native Government, was such as to make it proper to characterise it as a mere ditch?—That was figurative language rather, I do not deny. There are ditches and ditches; I do not mean to say that it was a ditch 2 feet wide.

7146. You would not disagree with my description of it, that it was as big as the New River?—When you knew it, it was a most useful work; but at the time that you speak of, it was producing an income of 10,000 *l.* or 12,000 *l.* a year.

7147. But you do not think, do you, that an expenditure of 100,000 *l.* could have produced that work without you had had the foundation of it laid by the native government *de novo*; you could not have produced the work for 95,000 *l.* in the condition which I described it as being in 1846?—That I would not say positively; but I would not hesitate to say that for an expenditure of 200,000 *l.* we should have got something much better.

7148. At this moment, do you mean?—What I meant to imply was that the original design was defective in many important ways, and that defects in the original laying out had led to the necessity for a good deal of expense.

7149. You mean that it intersected the drainage of the country?—Yes, and there was the fall in the bed, which is an all essential thing in a canal. It was taken nearly on a straight line through the country without any reference to the fall.

7150. I will call your attention to your reply to two questions put to you by Mr. Bourke, namely, 6900 and 6901, referring to the recent decentralisation scheme. You were asked, "Now it did not give them greater powers of taxation than it did before, did it?" and you said "Not at all; none." Then the second question is, "Did the system that was introduced, of local taxation, give greater facilities than before existed to the local Governments to tax the people?" and the answer was, "It made no change whatever." Now this, of course, is undoubtedly true; the increased powers of taxation could only, of course, be given by a legislative enactment, and this is a mere financial order, and the legislative councils have ample powers of taxation at present; but it appears to me that those questions and answers might lead to the impression that there is no connection between this decentralisation order and local taxation; and what I want to ask you is this, is

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not the main object of this decentralisation order, as explicitly set forth in several paragraphs, to relieve the Imperial revenues by transferring charges heretofore borne by those revenues to local resources, to be provided by local taxation. I refer to Parliamentary Paper 29, " East India (Local Finance)," 16th February 1871; and I will here, if you please, read the passage to which I refer: " The matter" (of local taxation) " has been before this Goverment on several occasions since 1862, and the view now taken of it has already received, in general terms, the approval of the Secretary of State. It is only by a judicious system of local assessment and control that what is needed can be accomplished" (That refers to Public Works.) " This is not less true of some other departments of the administration. The Supreme Government is not in a position to understand fully local requirements, nor has it the knowledge necessary for the successful development of local resources. Each province has special wants of its own, and may have means for supplying them which could not be appropriated for Imperial purposes. A tax adapted to the circumstances of one part of the country may be distasteful or inapplicable elsewhere; and everywhere rates may be proper for provincial or local purposes which could not be taken for Imperial revenue. These principles are now generally recognised, and important steps have been already taken to develope provincial resources. The Government of Bombay has for some years raised a considerable revenue for local purposes. Important measures to the same intent are under the consideration of Legislative Council of Madras. The Government of Bengal is maturing a scheme in accordance with the decision of the Secretary of State, for the levy of a rate for local objects in the Lower Provinces of Bengal. In all the other Provinces of India provincial revenues have been raised, and measures for increasing them are now being devised." Now it appears to me that the increase of local taxation is in fact one of the chief objects aimed at in this decentralisation order?—There is no doubt that you have read the *ipsissima verba* of the Government; what you are talking of, the decentralisation, as it is called by some persons, was an important part of the financial policy of the Government of India; when that arrangement was made by the Government of India in 1871–72, one and a half million sterling of income tax was given up, and when that one and a half million sterling of taxation was given up, the local administrations were told that they would receive certain grants, aggregating something between 4,000,000 *l.* and 5,000,000 *l.*, as far as my recollection serves me, that that sum would be the equivalent of a certain portion of the public expenditure, less 331,000 *l.* Therefore, while on the one hand an obligation was put upon the local Governments to increase the local taxation by 331,000 *l.*, there was, so far as the country was concerned, an absolute diminution made in the Imperial taxation at the same time of one and a half million; and consequently the country might presume that it was better off to the extent of the difference between 300,000 *l.* and 1,500,000 *l.*, or 1,250,000 *l.* we will say. And what are the subsequent facts? The last information that we have on the subject is, that instead of the actual amount of new local taxation having been increased by 331,000 *l.*, in reality the total increase is not more than 267,000 *l.* That is the last information that I have, which is contained in a statement made by Sir John Strachey; and I suppose that if anybody knows the facts he is likely to know them; therefore, I repeat that the result of this measure has been an absolute reduction of expenditure of 1,250,000 *l.*

7151. But you forget that that 1,500,000 *l.* of income tax which was left off was the result of an excessively high rate of income tax imposed suddenly to meet a financial emergency, and it never was contemplated to keep up such a rate of income tax as that, neither was that remission equally distributed over the several governments, so that it could be said to bear any proportion to the local taxation?—If taxation of one sort is taken off, and taxation of another is put on, it does not follow that the individual incidence remains the same.

7152. But that amount of taxation was only put on just to meet that extraordinary financial emergency?—It seems to me that that has nothing to do with the question at issue; the fact was, that simultaneously with the necessity for the increase of the local taxation there was an actual reduction of 1,500,000 *l.* of the Imperial taxation. I must also add that it is altogether a mistake to talk of that additional taxation, that addition to the income tax, as being taxation necessary to meet an emergency; the emergency was only of this nature, that the expenditure had risen to such an amount that it was necessary to meet it somehow.

7153. But I recollect, perfectly, that the income tax, which, at the commencement of the year, was only one per cent., was raised suddenly to two, and then, before the end of the year, to three; and, it was stated by Lord Mayo, when he discovered the startling deficiency, that it was put on for the purpose of meeting that?—It was emergency in one sense, but not in another; it was emergency in the sense of its being urgently necessary to provide the means for meeting the expenditure of the year. When it was ascertained in the course of the year that the expenditure would be greatly in excess of income, so far there was an emergency; but there was no emergency in the sense of its being a means to be applied for a single year, or a single half year, and then dropped altogether; and nobody ever thought or admitted that it was.

7154. But most certainly Lord Mayo, on the opening of his council, said that it would not be maintained at this rate; that it was merely to meet this pressure; and that he would never dream of maintaining it?—For this reason, that he knew that it would be possible, by suitable arrangements, to be able to take it off soon; that he had in his own mind already the conception of this scheme of localisation, and that he was aware that, by suitable arrangements, it would not be necessary to maintain the increased rate of income tax, but that those arrangements could not be matured suddenly.

7155. The short of it is that it was an exceptionally high rate of taxation which nobody would think of maintaining; and therefore this reduction of income tax which would have taken place in any case cannot be pleaded as a set-off to increased local taxation?—It was exceptional to that extent, that whereas it was one it was made three. Whether any one can say that one, two, three, four, or five, is in the abstract high, I am not prepared to say; it may be.

7156. It is also said in the resolution, that this is the amount of grant to be permanently made; the word " permanently " is used?—There is the word " permanently " here.

7157. Then in paragraph 17 the Governor

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General says that he hopes not to be under the necessity of reducing the assignments?—Quite so.

7158. Therefore it appears that while the contingency of a reduction is contemplated, that of an increase is ignored?—Well, I think not. I think that the intention no doubt was not to lead the local Governments to think that these grants were to be increased. In the very nature of the whole transaction the intention was to provide a limited sum out of the Imperial revenues, from which the local Governments were to be bound to meet certain classes of expenditure, adding to that limited sum, either specific economies in the sums allowed for the various branches of the administration, or such improved revenues as they could obtain. There is no question that that is the very pith of the whole thing.

7159. I think if you held this language to anybody, "I make you this permanent allowance, and I will not reduce it if I can help it," you would lead him to understand that it might be reduced, but that there was very little chance of its being increased?—No doubt that was the intention.

7160. Some allusions have been made in this investigation to a large expenditure in Bombay on a Government house at a place somewhere near Poonah, namely, Gunesh Khind; can you state the total expenditure up to date?—There is the account of the annual appropriation and outlay, in which the whole of the details of the actual expenditure are pointed out.

7161. What is the total expenditure on house and accessories, including outbuildings and gardens?—Up to the end of 1870–71 the actual expenditure was 131,274 *l.*, and there is a note attached to this, "exclusive of outlay of 2½ lacs on subsidiary buildings, such as quarters for band, &c.;" and I have got another year's account here in which there is a reference made to it which gives a little more detail. That would make the amount 156,000 *l.*

7162. Was not the former Governor's house at Poonah sold?—Yes.

7163. What did it realise?—The arrangement, so far as my memory goes, was this. In Sir Bartle Frere's time he thought that the old house near Poonah, at Dapooree, was disagreeable and feverish; and he sold it, and it was at the time that people were very rich in Bombay, and he got three lacs of rupees for it.

7164. Then that may be set off against the 156,000 *l.*?—Yes, and he informed the Government of India that he would be able with that three lacs of rupees to build himself a very nice house at Poonah. The expenditure went on, and the Government of India allowed, weakly allowed, the work to be begun before the estimate had been made. He said "I have no house, and it is absolutely essential that I should have one or I shall be left out in the cold or wet," and he was allowed to begin without a proper estimate. That proper estimate took several years to make, and when it came in it amounted to nine lacs of rupees, and the ultimate result is what you have heard. The first estimate that the Bombay Public Works officers gave was 90,000 *l.*

7165. This governor who represented himself in want of a house had already two, had he not, the Malabar Point and the Parell?—The Parell house is a reasonable sort of house. That at Malabar Point hardly deserves the name of a house.

7166. It is a group of very commodious bungalows, is it not?—That is true; in hot weather it is a pleasant place to be in.

7167. Deducting the price for which the old Dapooree house sold, 30,000 *l.*, there has been an outlay of 126,000 *l.* therefore?—Yes; and I am not prepared to say that those accounts show really the whole of expenditure that has arisen in consequence of the house. The house was put in a place which was barren ground originally, and of course it became necessary to make roads to it, and so forth. I am not in a position to say absolutely whether that expenditure is included here or not.

7168. Possibly some of that expenditure on roads may have gone into the Public Works Account for communications?—It is not impossible.

7169. Could that be ascertained?—I could not ascertain it; it would be extremely difficult. Recently, a Government House has been provided in the North Western Provinces for the Lieutenant Governor, at Allahabad, and he has been allowed to spend, after a good deal of solicitation, two lacs of rupees on his house, which is considered rather extravagant. It took a long time before the Government of India could be got to agree to that.

7170. They had had a caution, I suppose. Does that figure of 156,000 *l.* include the furniture?—No; the Public Works Department does not furnish.

7171. There would be a further charge for furniture, therefore, to your knowledge?—I have heard of it. The Public Works Department builds houses and hangs punkahs, but does not furnish.

7172. Now will you proceed to tell us something about a fund at Bombay known as the Special Fund, which has received advances from the Government of India?—Previous to 1860 or 1861 a discussion had been going on for some length of time regarding the old fortifications of Bombay. The town of Bombay had been originally fortified; there was an enceinte round it, a rampart and bastions, and a ditch which hemmed in the old town, but in a military point of view worthless; and after a time it was decided to knock down the ramparts and fill up the ditch, and to make the glacis and the area where the rampart stood available for building purposes; it was considered that the land that was thus made available would be sold in a remunerative way, and that a large fund would be created, out of which all needful improvements might be made; and it was proposed, on the strength of this operation, to lay out the space that became available, to construct roads, and to make a site for an extension of the town; and estimates for a large amount were made of the income, on the one hand, and the necessary outlay on the other. The operations began in a moderate form, the Bombay Government selling what land they could, and realising very handsome prices for it, and out of the proceeds of the sale beginning to spend money as it came in; but they very soon found that it was easier to spend money on the new work than to get money from the sale of the land; that people were not disposed to go very immediately into the purchase of land, and that at all events it was quite impossible to sell the land on a large scale; they therefore asked the Government of India to give them advances to enable them to carry out the projects, it being understood that those advances should be

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repaid from the proceeds of the sale as soon as the land was sold.

7173. When were these advances commenced?—It must have been in 1863 or 1864.

7174. Could you give us the main items of this fund?—Yes, I can tell you what the general results are; it became apparent after the great collapse of trade in Bombay, after the commercial crisis there, that there was, at all events, no immediate prospect of selling the land, or of realising any considerable asset from such a source, and then the Government of India determined that it was necessary to bring to a close the whole business; and on reviewing the results, it turned out that the whole expenditure had been 2,432,000 *l.*; that the whole of the receipts were 764,000 *l.* from the sale of land, leaving an excess of expenditure of 1,668,000 *l.*

7175. Of which how much was advanced by the Government?—The adjustment, as it is technically called, of the 2,432,000 *l.* has been this: against ordinary, that is to say, against the revenues of the year, 1,298,000 *l.*; this to the extent of 764,000 *l.* has been met by the assets in the form of receipts from sales, and the residue, 534,000 *l* odd, has been charged against the revenues; the balance of the amount, about 1,133,000 *l.* has been met by borrowing, and appears under the new extraordinary account.

7176. There is still land to sell?—A great deal of land.

7177. All hope of repaying this money, I suppose, depends on the sale of these lands?—There is something still to be said; out of that 1,133,000 *l.* which has been borrowed, a sum of about 770,000 *l.* has been laid out on what are called in Bombay technical language reclamations, or in filling up portions of the sea contiguous to the foreshore. It is possible that that 770,000 *l.* may eventually be transferred to the newly created Port Trust; that they would take over the reclaimed land as an asset, and in course of time realise the amount. So far there is some prospect of that being done.

7178. Are there any regular receipts from ground-rents or rent of buildings?—I think not in connexion with this fund. I think that the land disposed of was absolutely sold.

7179. But did not the Government erect some buildings on it?—Merely public offices; there is a list here of the whole of the main heads.

7180. *Chairman.*] They are included in the expenditure that you have mentioned?—Yes.

7181. Sir *C. Wingfield.*] Would you give us an account of the Port Trust?—This trust hardly exists yet; but what has occurred is this: there was a company that was formed at Bombay in those days when companies grew up rather rapidly, called the Elphinstone Company, which proposed to reclaim a large portion of the foreshore of the Island of Bombay, with the intention of providing improved accommodation for the commerce of the place, and of making wharves and warehouses. The question has since been raised whether they should not make basins, and even docks; after the general collapse of credit at Bombay, this company found that it was extremely difficult to raise money, and that their works being incomplete, they came to the Government and asked to have money lent them; there was a good deal of discussion about it, and the Government of India and the Secretary of State were not disposed to lend money; for a transaction of that sort of considerable magnitude the approval of the Secretary of State would be thought necessary. There being this indisposition, at length it was suggested by the Bombay Government that the property should be bought by the Government if it could be done on favourable terms, and handed over to a public trust with the intention of taking the control of the harbour out of the hands of private individuals, and placing it in the hands of the commercial community of Bombay; and this proposal was favourably received by the Government of India, and a negociation was entered into with the Elphinstone Company, with the approval of the Secretary of State; certain terms having been named under which the transfer was to take place, and under which the Government of India was to authorise the payment of the amount.

7182. I think the shares were taken at par, were they not?—I think so, but I can give you the precise figures; it is a trifle over 2,000,000 *l.* for the whole amount; 2,012,000 *l.* is the last account.

7183. Then the Government bought them for 2,000,000 *l.*, and created a trust?—Yes. Immediately after the purchase, some difference of opinion arose as to the terms of the arrangement between the Government of Bombay and the Government of India, and the actual formation of the trust was postponed. Those discussions, I believe, are even still going on, or have not been thoroughly completed; and I think that if there is any prospect of this Committee meeting again next Session, it would be better to postpone any further inquiry into the actual facts as regards that trust till then, when the final result can be known, because I am not in a position at present to say really what the actual final results are.

7184. It does yield some return?—Yes, there is a considerable income from it.

7185. Is that from the rent of land?—Partly from the rents of land, partly from the sale of the land which is not required for the purpose of the Trust, but to a very considerable extent from the wharfage dues. Of course, the Elphinstone Company having provided the wharves and other accommodation at its own cost, it was but reasonable that the public which makes use of these conveniences should pay for them, and there is a regular scale of charge, which the company had been in the habit of levying before the property was transferred to the Government. Now the Government have appointed a provisional agency to take charge of that part of the business until the Port Trust is properly constituted. I believe that the principal difficulties have been got over, and that a trust will be formed at once which will virtually place the whole business in the hands of the merchants of Bombay in the same way as is the case with the Port Trust at Calcutta.

7186. The merchants have not found any of this money?—No. But in order to understand the transaction, you must have the whole of the facts before you; and therefore I say that I think it will be better to suspend any inquiry into this until you are in a position really to get the facts, which I do not think could be given now by anybody.

7187. As to this sum paid for the purchase of the Elphinstone Company, was that also put down to Extraordinary?—It has been borrowed, but it does not appear under the head of Public Works Extraordinary Expenditure. That is one of

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of the items that I referred to when I said that these accounts are not now rendered in a satisfactory way; for a portion of the expenditure of the borrowed money does not appear under the head of Public Works Expenditure, while another portion does; one portion of the expenditure is technically called Public Works Expenditure, but another portion is not, and thus an amount of two millions which has been advanced on account of these Port Trust arrangements appears under the head of Advances Repayable, and not under the head of Public Works Expenditure. There are a great many other very large transactions of a like nature which you will also find in the statement annexed to the Budget; 500,000 *l.*, for instance, advanced to the Calcutta municipality for its water-works, and a large sum to the Bombay municipality.

7188. Was not the price paid the par value of the shares, or very nearly about that?—I think so.

7189. The par value of the shares was paid in a 4½ per cent. stock, was it not?—A four per cent. stock, I think, they got at 92 or 93, so far as my recollection goes.

7190. Mr. *Fawcett.*] At the time of this transaction with the Elphinstone scheme the quoted price of the shares was 50, and the Government bought them at 92?—No, there was no such difference as that.

7191. But before the rumours first began as to the purchase by the Government, shares were bought at 50?—That there was a period during the time of greatest depression at Bombay when the shares were at 50, may be true.

7192. I want to show the exact nature of the transaction, to see whether it is not a repetition of the Orissa transaction. Will you tell me, or give me, next time this information. At the time when the negociation first commenced with the Government, what was the price of the shares, and at what price did the Government buy them?—I think, as I said before, that the Committee will only be misled if it attempts to go into this question partially at the present time.

7193. But that question about the creation of the trust has nothing to do with the transaction; this is a matter of fact, which of course I can get myself by referring to a money market list; but can you tell me what the fact is?—I am not prepared to say that I can find out what it is.

7194. Will you state the names of the directors?—I have not been able to ascertain them.

7195 The money of this transaction was provided of course out of the general revenues of India?—Well, it never took the form of money; a stock was created specifically.

7196. That was virtually provided out of the revenues of India?—The charge on account of it was.

7197. It added so much to the debt of India, for which the people of India are responsible?—Doubtless.

7198. Therefore it is simply an illustration that what Lord Mayo objected to in that paragraph which you read about being charitable with other people's money, is exactly the policy which you were carrying out?—To a certain extent it was, so far as it eventually proves a burden; because, supposing that instead of proving a burden it had been extremely advantageous, the whole position of course would have been altered, and the whole pith of the thing therefore is, what is the nature of the burden.

7199. Still you know perfectly well that if the thing had been advantageous, these speculative gentlemen at Bombay would not have applied to the Government for money, and you advanced them money in order to prevent a certain amount of money what had been spent being absolutely wasted, and the money was got from the general body of the people of India to benefit Bombay and a certain number of speculators?—I am not prepared to say that the transaction, under certain circumstances, was not justifiable.

7200. I will not say whether the transaction was justifiable or not; I want only to get the exact character of the transaction; do not I correctly describe the transaction, so far as the people of India are concerned?—Well, I should say probably not.

7201. If the people of India did not provide the money for the benefit of Bombay, who did it?—The question is whether the people of India in reality will be sufferers. Supposing that there is any such loss on the transaction as to make it unjust for the people of India to provide for that loss, then no doubt what you say is quite correct; but that remains to be seen.

7202. Still, at any rate, they incurred the risk? Yes; there is a risk of course.

7203. You kindly said that you would give me information on two points on which you were not prepared to do so when last I examined you, namely, first the exact nature of these Punjaub Canal Acts. Do I not give a correct description when I say that one Act was passed when you were connected with the Government of India, and was afterwards disallowed by the Secretary of State, containing provisions that if the canal did not pay seven per cent. the people who did not use the water should be taxed for it or compelled to use it?—As I stated before to Sir Charles Wingfield, it is a mistake to talk about two Acts; there were not two, only one.

7204. Was not that a clause in the Act?—It was something of that sort.

7205. I am not going to condemn the Act, but simply to get at the facts, and I will draw my own conclusions?—That is what I wish to do too, and therefore I say as you have not represented the precise form of the Act I would like to show what it is: here is section 44 of the Act as it was passed.

7206. Are you referring to the Act that was disallowed by the Secretary of State?—No Act has been disallowed by the Secretary of State.

7207. I took it from your former evidence; you did not deny the existence of two Acts?—Sir Charles Wingfield tried to persuade me that there were two Acts, and I endeavoured to explain that there were not; and I said quite plainly that there was one Bill brought in, that a copy of the draft of that Bill was sent to the Secretary of State, that he objected to certain parts of it, that the discussion continued, and that eventually the Bill which had been brought in as a Bill to apply to the North Western Provinces, Oude, the Punjaub and the Central Provinces, was passed as applicable only to the Punjaub, and the Act which became law, and which is law in fact at the present time, is this Act which I have got here on that being sent to the Secretary of State, he said he continued to object to those parts which he had before objected to, but he said that it would be inconvenient to disallow an Act which had already come into operation on such a matter as this; and therefore he requested that the Government

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vernment of India would repeal that portion of it which he mentioned.

7208. Then it comes to the same thing, that what took place is this; there was a Bill submitted to the Secretary of State, that Bill was altered by him, an important clause was left out, and the Bill as altered is now the Act in operation; that describes it correctly, does it not?—It describes it incorrectly; the Governor General in Council has the power of passing laws for India, and he passed a law, and this Act in my hands is the law at the present time unless it has been repealed since. The Secretary of State said that he would not disallow the law, which he has the power to do, but asked that the Government of India would repeal this part.

7209. A certain Act was passed by the Governor General in Council in India; that I should call Act No. 1; it was submitted to the Secretary of State; he did not disallow the Act, but suggested or recommended or ordered a certain clause to be repealed, and the Government of India acting upon that suggestion, that clause was repealed?—No, it has not been repealed to the best of my belief up to the present time; the Government of India has not had time to do it, but it will be repealed.

7210. Whether it has been repealed, or has not been repealed, there are two Acts which are different; one of them is the Act as it was passed by the Governor General; the other of them is the Act which will be what the Act would be as suggested to be altered by the Secretary of State?—I do not think that I can give any other answer.

7211. What was the Act originally passed by the Government of India on this point. Without troubling the Committee, you can describe it in general terms. I have looked at the Act, and I believe mine is a correct description?—I cannot undertake to give a general description of this part of the Act. I should be extremely sorry to have to describe in general terms to this Committee the substance of the Ballot Bill. I am particular in saying this, because I find that I have been misconceived when I have given answers such as I naturally give off-hand; I am not an orator, I am not practised in public speaking, and not able to put into a few words the substance of a document of this description without any warning or any preparation; I cannot do it, and the result will be if I attempt to do it short that I shall be misconceived.

7212. Will you read the paragraph, then?—"At any time not less than five years after the commencement of irrigation from any canal, the local government may order an inquiry to be made, by an officer appointed for that purpose, into the condition of such canal, and the irrigation therefrom. If, upon the report of such officer, the local government is satisfied that the owners or occupiers of lands irrigable by such canal have not made reasonable use of the canal for purposes of irrigation, the local government may, with the previous sanction of the Governor General in Council, issue a notification in the official gazette, declaring that the owners of such lands, within local limits to be specified in the notification, shall be charged with a special rate, according to the provisions hereinafter contained." That is section 44.

7213. Now, I ask you, is not a fair interpretation of that, that if the people do not make what the local government define as reasonable use of the water, they shall be compelled to use it, or to pay for it?—I think not; there is no reference whatever to compelling them to make use of the water.

7214. They are to pay for it?—That is a totally different thing.

7215. What is there to modify that interpretation; anything in the subsequent provisions?—"No such special rate shall exceed one rupee per half-year per acre of land in respect of which the rate is charged. No such special rate shall be charged in respect of any land, if during the year or half-year (as the case may be) in respect to which such yearly or half-yearly rate might otherwise be claimed, water sufficient for the irrigation of such land has not been supplied when required by the owner or occupier thereof. For the purposes of section 44, land shall be deemed irrigable by a canal when the following conditions are complied with in respect thereto: (*a*) That it is cultivated, and not irrigated; (*b*) That the nett annual value of the produce of the land, or the productive powers thereof, will be increased by the irrigation thereof by canal-water, after deducting all necessary charge in cultivating the same, conveying the water thereto, and paying all Government charges in respect of such irrigation; (*c*) That the divisional canal officer shall have tendered to the occupier or owner thereof a supply of canal-water sufficient for the irrigation thereof in the manner customary in the irrigation of land from a canal; (*d*) That the divisional canal officer shall have offered to the said occupier or owner to construct the works necessary for conveying the water to the said land, under section 16, or (if the said occupier or owner shall so prefer) to apply the provisions of sections 21, 22, and 23, for the construction or transfer of a water-course, or shall have tendered an advance of money sufficient to provide for the construction of the said works; such advance to be repayable in conformity with the rules for recovering advances made under the Act for the time being in force as to advances for improvements in land."

7216. None of those provisions alter the interpretation that I have placed on the Act?—That I suppose everybody has a right to judge for himself.

7217. Do you think they do yourself?—I am not prepared to say what your interpretation is. If you desire me to answer the question whether I could apply specifically to this part of the Act the words that you have applied to it, I should say, no.

7218. Does the Act distinctly contemplate under certain circumstances that if people do not use the water they shall be charged a rate?—Certainly.

7219. Was not a provision passed in this Act (I will try to be accurate), or was it not in this Act, that gave the Government the power of obtaining compulsory labour?—In this Act there is what, no doubt, you refer to. I can say further, that the Secretary of State with the advice of his Council has allowed that part of the Act to stand; and also that in writing to the Government of India, he has recommended that the Act, with the exception of the parts which I have read, sections 44 to 49, shall be made applicable to the North Western Provinces.

7220. So that the only point on which I was not correct, is, that this compulsory labour will

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have a wider application than I had supposed?—But I should add that "compulsory labour," the expression you used, is a very vague term; and therefore, I had better read the part of the Act which refers to it, because while in one sense it is compulsory labour, in another sense it is not so. There is an obligation to labour, but it is only that, or what I should call a statutory obligation. The words of the Act are as follows: "For the purposes referred to in this part, the word 'labourer' includes persons who exercise any handicraft which shall be specified in rules to be made in that behalf by the local government. In any district in which a canal or drainage work is projected, constructed or maintained by Government, the local government may if it thinks fit direct the deputy commissioner to ascertain the proprietors, sub-proprietors or farmers, whose villages or estates are or will be, in the judgment of the deputy commissioner, benefited by such canal or drainage work, and to set down in a list having due regard to the circumstances of the district and of the several proprietors, sub-proprietors or farmers, the number of labourers which shall be furnished by any of the said persons, jointly or severally, from any such village or estate, for employment on any such canal or drainage work when required as hereinafter provided. The deputy commissioner may, from time to time, add to or alter such list or any part thereof. When it appears to a divisional canal officer duly authorised by the local government, that, unless some work is immediately executed, serious injury will happen to any canal or drainage work, whereby the proper operation of such canal or drainage work will be stopped, or so much interfered with as to prevent the established course of irrigation or drainage being continued, or to cause sudden and extensive public injury, and that the labourers necessary for the proper execution thereof cannot be obtained in the ordinary manner within the time that can be allowed for the execution of such work so as to avoid such consequences, the said officer may require any person named in such list to furnish so many labourers (not exceeding the number which according to the said list he is liable to supply), as to the said officer seems necessary for the immediate execution of such work. Every requisition so made shall be in writing, and shall state the nature and locality of the work to be done, the number of labourers to be supplied by the person upon whom the requisition is made, the approximate time for which, and the day on which the labourers will be required; and a copy thereof shall be immediatety sent to the superintending canal officer for the information of the local government. The rates to be paid to any such labourers, in excess of the highest rates paid in the neighbourhood for similar work, shall be fixed by the local government, and the payment shall extend to the whole period during which any such labourer is absent from his ordinary home. The local government may direct that the provisions of this part shall be applicable to any district, or part of a district, for the purpose of effecting necessary annual silt clearances. When any requisition has been made on any such person, every labourer ordinarily resident within the village or estate of such person shall be liable to supply, and to continue to supply, his labour, for the purposes aforesaid." And then, under the head of Offences and Penalties, there is this enactment: "Whoever, without proper authority, and voluntarily violates any rule made under this Act, for breach whereof a penalty may be incurred, shall be liable, on conviction before any magistrate, to a fine not exceeding 50 rupees, or to imprisonment not exceeding one month, or to both."

7221. You correctly describe that as under certain circumstances a statutory obligation to labour?—Yes, I think so.

7222. Now with reference to these accounts, which in future years will be made up if this Punjaub Act is in operation, a part of the receipts will be receipts for water which has been voluntary taken, and part of the receipts will be virtually a tax; I do not say whether properly or improperly, but virtually, a tax levied upon people who did not make use of the water. I want to know whether the receipts for water used and from this tax will be both lumped together; and be quoted, to show the net profits of the work?—As I have told you, that part of the Act is going to be repealed; and will not come into operation.

7223. The Government of India, however, wished it to be done as I have described it?—Of course, such receipts if realised would have appeared as canal revenue, certainly.

7224. A tax?—You may call it a tax if you like, I call it a rate; I do not know exactly what you mean by a tax.

7225. I mean a payment levied by the Government against person's wishes?—Is a water rate a tax?

7226. But they use the water?—But in many towns, if I am not misinformed, there are rates put upon people who do not use the water.

7227. A rate is another form of a tax?—If it is, then it is a tax in this case.

7228. You entered into some figures last time to show the small cost of the public works extraordinary; before I test those figures I want you to do what you said you would when you were examined on this day week; you said that you would give us clear and distinct definition of the difference between ordinary and extraordinary public works, or between ordinary expenditure on public works and extraordinary expenditure on public works; a thing I have never yet been able to find out?—I think that I can give it you, in my own words, in answer to a question of Mr. Smith's.

7229. Your evidence left this impression upon my mind, that if a public work was carried out partly by borrowed money and partly out of ordinary revenue, it was still classed as an extraordinary public work?—I think I had better read again what I said in my answer to Mr. Smith's Question 6853, "I think that it is first necessary to repeat what I rather think I have said before, that we do not classify works, but we classify expenditure; that when we talk therefore of ordinary public works, we mean public works paid for out of the revenue of the year; that the terms ordinary and extraordinary are financial terms, and not terms of the Public Works Department."

7230. This is the point that I want to come to; suppose a public work, for instance like any canal, has been partly made out of borrowed money and partly made out of money provided from ordinary revenues, how do you estimate the financial results from your borrowed money, because I understood you just now that you do not consider that money that is provided out of the ordinary revenue of the year to be added to the capital

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capital account?—I have always said exactly the reverse; I say that money provided in the shape of outlay for maintenance, or for interest on capital, is not added to the capital account, all money in the shape of outlay for adding to the works, or for permanent improvements, which are what is understood commonly as capital outlay, is added to the capital account, and stands part of the capital account; and it has always been our custom to do that.

7231. When a public work has been carried out, in order to find out what the financial results are of the policy of borrowing money for it, do you in each public work keep an accurate statement of the amount of capital contributed from the ordinary revenues, and the amount contributed by borrowed money?—There is no difficulty in doing it.

7232. Have you done it hitherto?—No, there has been no such specific account; and that again has been one of the things as to which I have stated already, that I think an account to meet that sort of want is a necessary account, and that it should be provided.

7233. Then it is obvious to you, admitting the want, that in the absence of that specific account, it is impossible for you to form any accurate estimate of the financial result of borrowing money and spending it upon the public works?—Well, of course, there is a certain amount of truth in that; you may say that I cannot have an absolutely accurate knowledge until the whole of the accounts are kept in a form which will satisfy myself of their accuracy. I have repeated over and over again, that in no respect do the accounts at the present time meet that condition.

7234. You gave us just now a detailed description of a number of extremely efficient accountants, who are employed in the Public Works Department, and you told us of the great services which they render; I want to know if the Public Works Department in India contains so many able men, and so many able accountants, how it is that you are obliged constantly to admit these most serious and grave defects in the method of keeping the accounts; how is it that they are allowed to continue?—The question implies a serious misapprehension of the position of the Public Works Account Department, and the means it has of obtaining information. The Public Works Account Department deals, and exclusively deals, with the expenditure of public money, which goes on through the agency of the public works officers, but we of the Public Works Department have no control whatever over the land revenue; we have no means whatever of modifying the general accounts of the country; the revenue accounts and the general accounts of the country which are the sort of accounts that you are referring to, are entirely under the Financial Department; but so far as our specific accounts are concerned, I say that there is not a single rupee spent of which it is not possible to produce a perfectly detailed account; and I think that the way in which I have turned to these books here, and have answered your questions, shows you that I am able to give you the facts. I think therefore that the real reply to that question of yours is this: that the want to which you are alluding, and to which I have alluded, and which you see, and which I see, has not been admitted by the responsible department concerned, the Financial Department.

7235. *Chairman.*] That is to say, all the departments concerned in the administration have not concurred in a system different from that which exists?—Yes.

7236. And without their concurrence, no change can be made, whatever your opinion may be?—Just so.

7237. Mr. *Fawcett.*] You agree with me that, owing to this way of keeping the accounts, the Government have sanctioned a very large expenditure in future years from borrowed money for public works, and owing to the way in which the accounts have been kept, it is impossible to arrive at an accurate estimate of the result up to the present time. Therefore, to a certain extent, the Government are doing this in the dark?—To a certain extent. Let me explain that a little. The Government, when it comes to a decision as to whether any particular work should be carried out or not, consults the officers whose duty it is to advise the Government on the whole of the matters that are at issue; and if the officers whom the Government consults have the specific knowledge, and if they are able to satisfy the Government, in the absence of these accounts, that there is legitimate ground for the expenditure, I for one shall not say that the Government is not completely justified in going on with the expenditure, although the accounts are not in such a form as shall carry conviction to the mind of everybody else; and I say that that is really one of the principal things, one of the most important things which Lord Mayo (and in that I entirely agree with him) pointed out. He has pointed out in papers which I could show, that it is absolutely necessary to carry conviction to the public mind, that what we are doing is really reasonable and proper; we believe that it is, but that is not enough; we must carry the public with us, and we must so present the whole of our operations to the public that they shall bear the strictest criticism, and that there shall be no scope whatever for questions being put to the Government or its officers, such as have been put to me here.

7238. Referring to certain facts which have been mentioned this morning, you used the expression, with regard to the expenditure for a house for the Governor of Bombay, that the Government of India weakly consented to his solicitations to have this money spent. Who at that time was Governor of India; who was responsible for that?—I think it must have been in Lord Lawrence's time.

7239. Who else was responsible besides Lord Lawrence. I suppose it was a thing that was submitted to his Council?—It might, or might not be. I could not say.

7240. No money can be spent in India, can it, without obtaining the sanction of the Secretary of State?—Oh yes, the Secretary of State has the power of controlling all expenditure, but his previous sanction is not required for a large part of it.

7241. They could not spend money like this without the fact of its being spent being communicated to the Secretary of State, at least, it ought to be communicated to him, ought it not?—The whole of the proceedings of the Government of India are printed, and sent month by month to the Secretary of State. Whether there was any particular or specific report on the subject of this particular house, and the proceedings connected with it, I would not positively say; my impression is that there was such a report, but

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memory is treacherous; if it is so you could find it. And here I think it right to say, that when you begin to ask about matters of this sort, very delicate questions arise, and those delicate questions refer to the relations that exist between the Government of India and the local governments. I have my own opinions about these matters; but the questions that arise on them are of a nature that one does not altogether like to express opinions about lightly.

7242. But when 160,000 *l* is spent upon the house of a local governor, you must admit, that although it does raise delicate questions between perhaps the Governor General and the local Governors, it raises far more distressing questions to the people of India, do not you think so?—I think you have a perfect right to ask any questions that occur to you on the subject. And so far you see that I think it is my business to answer.

7243. You are alluding to the delicacy; I am, therefore, justified in alluding to the distress to the people of India?—I have nothing to say against that. If any question is put by the desire of the Committee, I shall answer it; all I say is, that there are certain reserves and reticences which are decent, and when I am asked, therefore, to express what, after all, to a considerable extent, is a personal opinion, I think I ought not to be pressed too hard.

7244. In alluding to this particular transaction, you referred to the Public Works Department at Bombay, and you said that they estimated the cost to be 90,000 *l.* The cost at any rate has amounted to 156,000 *l.*, therefore their estimate was very greatly in error?—Yes.

7245. Was the estimate submitted to the Public Works Department at Calcutta?—Yes; but you must let me explain that it does not at all follow that when an estimate has passed, and authority is given under it to spend a certain sum of money, the actual expenditure which takes place under the authority of that estimate is in all respects guided by the estimate; and you will find that some of the worst causes of excess of charge over estimate arise from things being done which are not in the estimate.

7246. On whose authority?—That will depend. Occasionally the officer in charge of the works takes upon himself to make an alteration; occasionally somebody takes upon himself to order the officer to make the alteration.

7247. *Chairman.*] Probably there was no officer in Bombay who had had any experience of building a mansion of the value of 150,000 *l.*; he had never undertaken any such operation before, and therefore was not qualified to do it with precision?—When you come to discuss in detail how all of this arose, there is a great deal to be said in extenuation of it. There were very great difficulties in the way of the people who had to carry out these works; it would be unjust to overlook that, whatever may be said in the other direction. The price of labour at Bombay under the peculiar circumstances of the time rose very greatly, and it was extremely difficult to foresee, so to speak, from one month to another, really what the cost for labour or materials was to be.

7248. Mr. *Fawcett.*] As a matter of fact did the Government of India remonstrate at the large expenditure?—Very strongly, and very often.

7249. Then if they remonstrated, had they not the power to give some practical effect to their remonstrance?—Now you are rather putting me into a difficulty. If the Government of India remonstrates, and its orders are not obeyed, what can it do? If the Government of India gives instructions which are not carried out, what can it do? All that it can do is to refer to the Secretary of State, and then in the last resort the question of course is whether the Governor General shall resign, or whether he shall require a recalcitrant Government or local subordinate authority to be removed. I do not see myself that there is anything else to be done. And it does not follow that the circumstances, as they grow up from time to time, are of that grave nature to justify any such course; although when you have got to the end of your operations, after six or seven or eight years have run on, you find that something very astonishing has been the result of what has been going on.

7250. You entered into some very important calculations last time, to show that the amount of money borrowed for public works only entailed a charge upon the revenue of India of about 1,000,000 *l.*, I think, during the last 10 years?—I said something of that sort.

7251. And I understand your reasoning to be this, that the charge for debt 10 years ago was 2,100,000*l.*; the charge for debt is now 2,800,000*l.*, there is 450,000 *l.* to be deducted, and you simply take the difference and show that that is all that has been caused by borrowing money. That is the nature of your calculations, is it not?—Well, I do not know that I said quite that. I think that the scope of my remark was rather this, that, as a fact, the actual charge on account of debt has been increased so much, and that during the time to which I referred the actual charge for permanent works of utility of one sort and another has been so much, and then I say that we have somehow or other been able to get so much money spent for works of a certain utility, with such an addition to the permanent charge of the country. I do not say that the one is the immediate consequence of the other at all, but I say that viewing the financial administration of a great country, it is just to take the whole results on the one side, and contrast with them the whole results on the other.

7252. But it would give a fallacious idea of what the public works have cost. The fact of the matter is this, that in reference to the money that you have borrowed for public works, the interest on the debt has not increased more than it has, because there has been a reduction in the rate of interest?—Quite so; that is a most important cause for this excellent result which I speak of, and I specially guarded myself by referring to such causes. Among these I may specially refer now to the operation of the Currency Department, and to point out that the Government is able practically, by means of the paper currency, to get into circulation a large quantity of money which is represented by a less sum in deposit, and the difference, of course, is in reality a loan, but a loan without interest.

7253. Still, if it had not been for the public works, supposing that this money had not been borrowed for public works, the Government might from these currency or banking transactions, obtained the same amount of profit, and

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used the income which they derived from that source to reduce taxation?—That is perfectly true; and that is not the only question which the Government has had to consider. The Government has had to consider what is the best use to make of its resources, is it better to pay off debt, is it better to reduce taxation, or is it better to carry out those works which will directly increase the practical productiveness of the country?

7254. *Chairman.*] Practically we cannot tell what the state of India would be at this day if no public works had been made?—No; all you can tell is, given the expenditure, the taxation, and the charges in consequence of the debt, what is the result?

7255 Mr. *Fawcett*] I simply want to arrive at the natural results of public works, and I want to exhibit the exact nature of public transactions; my question did not involve a question of policy, but of fact?—Your remark is perfectly true, but the same remark would apply to all the increases of expenditure, not merely the Public Works Expenditure; and I must again repeat that it is altogether a mistake, and gives an entirely wrong drift to the discussion, to pick out public works, and to say that the causes of any troubles, if any have arisen, have been the expenditure on the public works; why not select the administration of justice, and other items? I can show you the actual increase of the expenditure under every head of administrative charge. Why not take these and say, "Instead of having had an increase in the last 10 years of something like 6,000,000 *l.* on the civil administration, supposing you had had no such increase; supposing you had applied the whole of that to reduce taxation"? I deny that there is any difference, for the purposes of such a discussion as this, between the sort of expenditure that goes on for public works and the sort of expenditure that goes on for any other branch of the administration; within certain limits they are all necessary.

7256 I wish to be entirely fair; I think that there is extravagance in every department in India, and therefore, if you think it fairer to you, I will examine you on every one of the heads of expenditure; but we have got all those before us, and I simply confined my examination, because I understood that you wished to confine your remarks to Public Works expenditure?—I specifically desire to point out that the real cause of the difficulty in making the income cover the expenditure has not arisen from public works, and I say this in the most positive way, but only and exclusively from the increase of civil charge. I affirm that those facts, to the best of my belief, are not sufficiently appreciated, and that it is of the greatest importance that the truth shall be established.

7257. What has been the increase?—I desire, before going to the figures, to add that I pointed out these facts before I came away from India, but that they were not received with any particular attention. Perhaps they are not of any value. That is not my opinion. But here are the facts.

7258. What has been the increase?—I have taken for comparison the last year of which we got the actual figures, 1870-71; they are to be found in the last Budget Statement; I have purposely avoided taking an estimate, and I have taken the figures of 1870-71 because they represent the charges before the new provincial arrangement took effect. The facts which I am now speaking of are the justification of Lord Mayo's financial policy, and that great measure, as I call it, of placing financial responsibility on the local administrations. The total charge in 1861-62, under all heads, was 44,099,000 *l.*; in 1870-71 it was 49,931,000 *l.*, showing an increase of 5,832,000*l.* The Military Charge, under all heads, in 1861-62, is 16,222,000 *l*, and in 1870-71 it is 16,075,000 *l.*, showing an absolute diminution of 147,000 *l.* Public Works ordinary (which I need not explain again, I think), excluding the railway charges and interest, were 4,115,000 *l.*, against 3,946,000 *l.*, showing again an absolute reduction of 169,000 *l.* The railways, including interest, in 1861-62, were 2,065,000 *l.*, and in 1870-71 they were 2,100,000 *l*, showing an increase of 38,000 *l.* The interest on debt was 5,191,000 *l.* in the former year, and 5,310,000 *l.* in the latter, making an addition of 119,000 *l.* Then there are certain deductions from revenue in the way of allowances, under treaties, assignments, &c., which you have no right to call charge, and which in the former year are 2,232,000 *l.* and in the latter 2,113,000 *l.*, showing again a reduction of 119,000 *l.* Thus the aggregate of the whole of those is, in 1861-62, 29,825,000 *l*, against 29,547,000 *l* in 1870-71, showing a net diminution on the whole of those heads of 278,000 *l.* Now then, what remains is the total of the civil charges, and these are 14,274,000 *l.* in 1861-62, and 20,384,000 *l* in the last year, showing an increase of 6,110,000 *l.*

7259. Are you quite sure from those accounts that the accounts in 1861-62 and 1870-71 are made up in just the same way?—Of course you cannot say that positively; there are certain tendencies no doubt throughout to exhibit more and more completely all charge in the published accounts, and to do less and less in the way of deduction In the earlier periods there was a habit existing still of setting off charges, as was the custom here in England, and not showing all expenditure and all receipts in the gross, but we have been going on more and more in that direction. To a certain extent no doubt therefore the result of such a system would be to make the expenditure in the later years appear heavier than it is in the former, but my impression is, that this applies alike to all parts of the expenditure, and that, broadly speaking, and for the purposes of such a comparison as I am making, the want of precision will not be important.

7260. But now as you have received this enormous increase, which you say is owing to an increase of civil charges, you must have watched the growth of this increase and civil charges, do you think therefore that as affects the future financial position of India the increase is inevitable, and is likely to go on, or is it due to extravagance and mal-administration?—I should not answer the question in either way. What I should say is this, that according to my appreciation of the way in which public expenditure goes on, the only check on an increase of charge is the impossibility of getting the money. As long as there is a fund from which the expenditure can be met, every Government is perfectly certain to have demands made upon it which will immediately devour that fund.

7261. *Chairman.*]

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7261. *Chairman.*] Is it not due to the greater activity of the Government in all its various functions, or in those things which it supposes to be its functions?—Yes, certainly; and although I talk about this 6,110,000 *l.* increase of charge, I believe that almost every pound of it spent has been followed by some valuable result in one form or another.

7262. Is it very much the practice of the officers in the public service in India to employ themselves in writing minutes, and papers, and letters to the Government, suggesting various schemes and plans in all departments, all of which lead more or less to expenditure?—Quite so, in that resolution of the Government of India which justified their adoption of what is called the provincial system of financial administration that is stated, and it is simply notorious.

7263. Do they not consider it necessary to do this, to bring themselves into notice, lest they should be forgotten?—Most distinctly not. I think that there is such a thing as honesty in the world

7264. That may be a stimulating motive to activity?—I think it is extremely unfair on public servants in India to talk of them in such a way, or suggest such a thing.

7265. Mr. *Fawcett.*] What I understand, then, is this, with regard to the future financial position of India, that these civil charges will go on increasing in the future as they have done in the past, if the Government of India can get any money?—Well, I think, as in all these things, the only way to answer a question of that sort, is to judge of the future according to the lights that are afforded by the past; that is my own way of judging, at all events; and I say that, however excellent have been the wishes of everybody connected with the Government (and I do affirm that they have been most excellent), practically the Government has been unable to resist the pressure that has been put upon it under the existing system to supply the means of carrying out the improvements which are represented by that increased expenditure of 6,000,000 *l.*; and that, according to my belief, there is only one way in which the necessary resistance to that pressure can be given, and that is to establish what I may call a constitutional rule, a constitutional law which the Government of India and the Secretary of State, backed up, I hope, by the House of Commons, should insist upon being carried out, that expenditure shall not increase until, somehow or another, the necessary funds are provided by an increase of revenue; then I say that in the future we may look forward to everything going on with complete satisfaction in India.

7266. *Chairman.*] Do not you think that there is another mode of considering it; that there is a mode of checking this tendency on the part of the officers of the Government to represent plans and schemes of expenditure, namely, that the governor should act with a proper sense of responsibility and firmness, and check them without any question of revenue?—I think that experience has shown that you cannot rely upon such a resistance.

7267. Mr. *Fawcett*] You think that the British Parliament should adopt the constitutional principle of using all its activities to prevent any more money being spent in India, or the expenditure increasing until a growth in the revenue is distinctly proved?—I think that Parliament may with great propriety express an opinion, that no charges of the description that I speak of, that is to say, recurring charges on account of administration, should be allowed to increase, except under the condition I stated. The charges which arise for the purpose of carrying out works of improvement, by which the productive power of the country and the real material prosperity of the country will be increased, I look upon as totally different. This is expenditure in the nature of capital, which India unfortunately can only get through the means of the Government.

7268. Has it never struck you (it is a point which seems to me more than anything else to affect the future financial position of India) that a part of that increased expenditure to which you have been referring, is due to an inevitable cause which is likely to continue, and over which the Government has no control whatever; I refer to the remarkable depreciation in the value of money which has gone on in India?—To some extent, no doubt, that is the case; but you must remember that anterior to the depreciation of money, there is going on an increase of prosperity.

7269. Not necessarily; I will not argue the point with you, but has this fact ever struck you, that owing to the peculiar circumstances of eastern trade, a large balance of specie is each year poured into India, and the result of that must be to depreciate the value of money, or in other words to increase general prices; and that owing to the peculiar circumstances of the revenue of India, a large part of it, namely, that which is derived from land, being for a considerable number of years fixed, any increase in prices must very much more increase expenditure than the increase in the revenue, and must therefore prejudicially affect the financial position of the Government?—To a certain extent those remarks of yours are most just, I do not deny.

7270. Mr. *J. B. Smith.*] May not the increased prices have arisen from the enormously increased demand for labour and the ability of people to consume products that they never consumed before?—All of these things, of course, operate.

7271. You cannot say that it is exclusively the depreciation in the currency?—It is a change in values not necessarily arising from the condition of trade that Mr. Fawcett has spoken of; but that that is one of the things which tend to aggravate it, I do not dispute; it must be admitted that it is so; but if you consider the general poverty of India (and nobody who has not been in India can really appreciate that), if you consider the total absence of anything like accumulated wealth in India, and if you consider to what an extent wealth may accumulate before the community in India, generally speaking, reaches the sort of position in which European communities are, I think you will be satisfied that a very enormous quantity of treasure and of coin might be thrown into India really without sensibly affecting the prices.

7272. Is it not the custom in India for the working classes and the poor, farmers and, in fact, all classes, to hoard their money and not circulate it?—To a very great extent they hoard.

7273. The effect of an influx of specie in India, therefore, is different from that in any other country. In this country it would find its way into

into banks, and through them into circulation; in India it would not?—To a greater extent that is the case.

7274. Therefore, as the money is hoarded when a large export of specie takes place to India, if the people hide it in the ground it might as well be in the mine for the effect which it produces?—Yes; supposing the whole of it were hoarded. As a fact, the whole of it is not hoarded, but as far as it is hoarded, undoubtedly what you say is true. So far as the people become more wealthy, and have more wants, they require more money, and an effect somewhat analogous to hoarding is produced, and this I believe operates largely in India.

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21 June 1872.

Tuesday, 25th June 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Ephinstone.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler.
Mr. Hermon.
Mr. M'Clure.
Mr John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

SIR JOHN WILLIAM KAYE, K.C.S.I., re-called; and further Examined.

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J. W. Kaye,
K.C.S.I.
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7275. *Chairman.*] WILL you be good enough to state what sums are now payable under the arrangements that you have described to the Mysore family, consequent upon the acquisition of Tippo Saib's country?—When the arrangement was completed of which I was speaking before, as I have now ascertained, a sum of 420,000 *l.* was capitalised for the families and the descendants of the families of Hyder Ally and Tippoo Sultan, which was to be a permanent allowance for them, and there was besides an allowance which was to die out with the life of each one of them. There were, at that time, 21 grandsons who had 600 *l.* a year which was to die out with them, and who had also a capitalised annuity of 600 *l.* a year besides. There were also 14 great-grandsons who had life-pensions of 240 *l.* a year, and permanent pensions of the same amount from capital stock. I make out, although I cannot find it in any accounts before the Committee, for the sums are lumped up in the most extraordinary manner, by having calculations made, that the annuities received by them when capitalised would amount to a certain stock, but that I have only been able to make out by calculation.

7276. What is the additional sum which you estimate these various annuities at when capitalised?—One sum of 12,600 *l.* added to another sum of 3,360 *l.*; altogether it would make 16,800 *l.*

7277. That will be the annual charge?—That will be the whole annual charge when the present recipients of the stipends die out, because the arrangement was with regard to these parties, that one-half of their salary should be a dying-out salary, and another half of that salary should be a permanent salary received from capital stock in Government promissory notes. And that will be against a sum originally granted of about 6½ lacs, so that there will be a vast saving. There was a great outcry at the time, because there was a present increase. There is a Despatch of Lord Canning's, in which he states, after receiving Sir Charles Wood's Despatch: "The pensions of 36 members of the family are to be increased at once to two-thirds, or by one-half, as the case may be, causing an immediate annual charge upon the Government of 11,820 *l.* The same number of persons are to receive immediately, for the payment of debts, sums to the amount of 38,500 *l.* They are to receive a like sum of 38,500 *l.* to help them to change their residences, if they desired to do so. They are also to receive, if they desire it, market value of their present residences. The amount of this is uncertain, but 20,000 *l.* would not cover it." That 20,000 *l.*, added to the rest, makes 108,000 *l.*, but a great number of them did not accept the offer, and if they had accepted it, their houses would have been, to the credit of the Government, which we could have sold again, for they were in the outskirts of Calcutta, where house property is very valuable. All that the Government offered was to buy the houses.

7278. Can you point out to us in the Finance and Revenue Accounts before us, at page 32, what are the items that represent the present expenditure on account of the Mysore family?—With all deference, I must say that it is wholly impossible that I should do so; for the only statement I can find under the Bengal head is, "Stipends and extra allowances, &c., to his Highness Prince Gholam Mahomed, son of the late Tippoo Sultan," 3,738 *l.* The salary of Prince Gholam Mahomed is the only one that I can see any indication of in this return.

7279. You have not been able to discover whether these various annuities of 600 *l.* and 240 *l.* are included in the two items of 14,995 *l.* and 14,238 *l.*, which are given at page 32 of the Accounts before us?—I have only, speaking generaly, been able to discover that they must be, as they are not returned elsewhere; what the exact amount is might be made a matter of calculation.

7280. Have you discovered the fact that they are included in those items?—Yes, I have no doubt of it. But I should wish to explain to the Committee the manner in which our information is

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is derived in the Political Department, which is from a large number of despatches laying down certain arrangements and ordering certain things to be done. But we do not see the financial results, and if they are lumped up in this sort of way it is quite impossible to explain them. I have no doubt that they must be included under these heads, as they are not specified under any other.

7281. Can you explain that item, "Stipends and extra allowances, &c. to his Highness Prince Gholam Mahomed, son of the Tippoo Sultan, 3,738 *l.*," and at page 34, "Stipends and extra allowances to the families of the late Hyder Ally Khan and Tippoo Sultan, exclusive of payments made in Bengal, 3,143 *l.*; what do those items refer to?—As every other recipient of the pension has less than 20,000 rupees a year, his name is not specifically entered in this return, but as Prince Gholam Mahomed himself has more than 20,000 rupees, his name is specially entered, and this 3,738 *l.* is his personal allowance, and the other small sum mentioned elsewhere is for some members or dependants of the family who did not leave Madras at all; and, who are, therefore, put down under the Madras head.

7282. Mr *Eastwick*.] The allowance of the Shah Sawar Khan, son of Umratull Umra, was stopped in 1804, and then it was given again some time afterwards, but for a number of years it was stopped, and the arrears are now petitioned for. Is there any chance of that being given, because if they were given that would be an increase of 9,000 *l.* which you would have to pay at some future year; have you heard anything about that?—No, I am not aware that the subject is before the India Office at the present time.

7283. Are there any claims besides this one to which I have alluded for any descendants, for women connected with the family, for arrears, or for debts?—I am not aware of any. To the best of my knowledge, the family are perfectly satisfied. Gholam Mahomed, who represents the family, has not written any complaints; he has been in continual correspondence with members of the India Office, and he has not brought any subject of the kind before our notice, so that I do not think that there are any complaints.

7284. Then with Gholam Mahomed a considerable sum dies?—When Gholam Mahomed dies his personal stipend of 3,738 *l.* will fall in, and there have been great fallings-in since Sir Charles Wood's scheme was carried out. I stated here perfectly correctly that when this scheme was sanctioned, there were 21 grandsons; and when I consulted with Mr. Harrison the other day, who brought me a book showing the names of each one of the grandsons, he made out that there were only 10 of them alive at the present time, or in the last official returns that he had; so 11 out of the 21 have died off since 1864, and that would be a saving to the Government of 6,600 *l.* in that time.

7285. Have no application from the widows or families of those who have died off been made?—There could be no applications, because every branch of the family whose 600 *l.* had been lost to them by the expiring stipend would have had 600 *l.* besides from the capitalised stock, so that there would be ample provision for the family.

7286. Would it be possible to draw out a statement of what the family consisted of now, and the actual allowances paid to them?—Most certainly it would; and I think that one good result of this inquiry will be, that we at the India Office shall insist on getting a return every year of the precise amount of all our political liabilities, representing each family, representing the amount of each stipend, and representing the lapses in the preceding year, and so on. I think it is a return which ought to be made to us, but no such return has been made since 1864, on the motion of Mr. Adam, and, I cannot express my opinion too strongly, that such a return should be made every year; I think that it would greatly facilitate any inquiry that might be made.

7287. Lord *Edmund Fitzmaurice*.] What is meant by an "extra allowance" to Prince Gholam Mahomed?—On account of age and meritorious services, and continued good conduct, his salary was increased. I do not exactly know what is meant by extra allowances any more than that his stipend has been increased at different times.

7288. *Chairman*.] Do you think that it means beyond the obligations incurred?—They were not beyond the obligations of the treaty, because as far as the obligations of the treaty go, we have fallen considerably short of them; although it was understood that the British Government was to be competent to diminish these amounts at different times.

7289. Lord *Edmund Fitzmaurice*.] Taking the payment stated at page 34, of 3,143 *l.*, what is the difference between that payment and payments included under Bengal, do they depend on different treaties?—They are all paid under the same treaty; the only difference is that whereas the bulk of the family were removed to Calcutta, and have since resided there; some of the dependants of the family were permitted to remain; and, therefore, their pensions were paid from the Madras treasury. I should like to state that one of the great difficulties I have to contend with is that the names of the same persons are put down under different heads. They are entered under the heads of the particular treasuries which disburse that amount, and that necessarily caused very great confusion in understanding this return. I find things put down under the head of Bengal or Madras, which have nothing to do with Bengal or Madras. These particular stipends put down under the head of Madras were, as I have said before, for some members of the family who remained behind, and were paid out of that treasury.

7290. I suppose it would be convenient to have them all put into one schedule together?—Yes; and in any return from the Political Department they would be always put together, and there would be a column with the information, "Paid from this Treasury," or, "Paid from that Treasury." Now you have a stipendiary who belongs to one part of the country turning up under another part of the country, in these accounts. It is sometimes not convenient that a man should be allowed to remain in the part of the country where he has lived, because he might stir up intrigues, and then he is sent to another part of the country and is paid from some other treasury; but these returns before the Committee do not in most instances, state what the stipendiary is, or whence he comes.

7291. *Chairman*.] We will go now to the Delhi arrangements. Will you be good enough to explain what was the nature of the arrangements

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composing a charge in respect of the cessation of the kingdom of Delhi?—The King of Delhi, previously to 1857, had for the support of his family 120,000 *l.* a year. He had also about 30,000 *l.* from Crown lands and rents in the city, so that we may say that he had about 150,000 *l.* a year. The Committee are well aware that the King of Delhi was mixed up with the events of 1857, and he was removed from Delhi and carried off to Rangoon as a State prisoner, with one or two of the members of his family. The returns from Rangoon state that the cost of the maintenance of those members of the family was about 700 *l*, a year; that is to say, 6,831 rupees. The king died on the 7th of November, 1862, and there are still his wife and her son living there, and one or two other members of the family; but there were a large number of members of the family of whom the British Government took a very charitable and lenient view; and very rightly too, I think, for I do not believe that they were mixed up with these affairs. There were about 1,600 small pensioners who got very small sums, I believe about 12 rupees each; but at all events the gross amount, as far as I can calculate it, turns out to be 9,348 *l.* This was sanctioned in Sir Charles Wood's political Despatch of 25th, March 1863. Then some subsequent additions were made, which, I think, swelled the whole pension list for the Delhi Family up to between 11,000 *l.* and 12,000. There was one loyal member of the family whom you will see mentioned especially in these returns, Elahee Bux. He is placed under the Punjab head, because Delhi, which was under the Government of the North Western Provinces formerly, is now included in the Lieutenant-Governorship of the Punjab; so that he who before would have been paid from the North Western Provinces is now paid from the Punjab. The stipend which he has for himself and dependants is about 3,000 *l.*; so that the gross amount now payable would be about 15,000 *l.*

7292. Elahee Bux is only put down at 955 *l.*?—Yes, but he is put down in another place, too; he has got a jagheer which is hereditary, as is also some part of his allowance (5,000 rupees). As far as I can make out in round numbers, his present allowances would come to 3,000 *l.*, and therefore that the gross stipends of the Delhi family at the present time would amount to between 14,000 *l.* and 15,000 *l.*, as against the 150,000 *l.* which I mentioned; so that has been a great gain to us.

7293. Are these pensions all for life?—Most of them are life stipends. There is in the case of Elahee Bux as already stated a continuation of a portion of it on account of his loyalty, but the generality of them are simply life stipends.

7294. With regard to the charge appearing under the head of Carnatic, 87,000 *l.*, does the Government consider that that is a permanent charge, or that it will be reduced in future time?—I will make a short statement as regards the circumstances. Up to the year 1855, when Mahomed Ghous Khan died, there was a fixed sum paid by treaty from the revenues. It was agreed that although the whole of the administration was to be taken into the hands of the East India Company, the titular dignity of the Newab of the Carnatic should be maintained, and that he should have one-fifth of the revenues of the country, and he received, as far as I can make out in round numbers, about 116,000 *l.* from that; but upon his death in 1855, the titular sovereignty was declared extinct by Lord Dalhousie. The next heir was the uncle of the defunct prince by name Azeem Jah, and he would have been the next successor to all the titles and privileges of the former sovereign; but Lord Dalhousie determined to extinguish all these titular dignities and privileges, and he offered a pension of 15,000 *l.* a year to the next heir, the uncle. This was very much disputed and contested for a number of years, and, at last, the Government taking it into consideration, determined to double the stipend which Azim Jah received, so that he has now 30,000 *l.* per annum. One-half of this is to be continued to the son or other heir who succeeds to his title. The Queen was kindly disposed to him and gave him a title, with a patent from the Lord Chancellor, of Prince of Arcot, which he is now called. He now has 30,000 *l.* a year. But over and above that, he happened to be very largely in debt at the time, and we advanced 150,000 *l.*, the interest of which was 6,000 *l.*, for the payment of these debts. I think myself that when we advanced sums of money in that way, we should have put that 6,000 *l.* against the charges here, that it should have appeared part of our payments under engagements, because if we pay a large lump sum and we want to make it appear clearly how much these extinct dynasties cost us, I think the interest of sums expended in this way ought to be placed in the accounts. I should say, therefore, that this account does not represent the whole, because it does not represent the interest on advances.

7295. Those are capital sums that have been paid in former years?—Yes.

7296. With regard to the 54,000 *l.* for "pensions, &c., to the families and dependents of the late Newabs, and to the Carnatic family and dependents, &c.," are those continuing payments, or will they fall in?—Most of them will expire. I find that in 1867 the whole of the Carnatic stipendiaries cost us 107,700 *l.* I mention these figures to show how the stipends are continually decreasing, which I think is very important for the Committee to consider. In 1869-70 the amount was 93,000 *l.*, and by the last Budget Estimate it was 87,000 *l.* Therefore you see that these stipends are continually diminishing.

7297. Now let us go back to the first item, at page 32. "Pensions of Wajed Ally Shah, ex-king of Oude." 120,000 *l.*; is that a pension for his life?—It is a pension only granted for his life, to be re-considered upon his death; but it has been stated in a Despatch that we shall make very liberal provision for his family. On the annexation of Oude, in 1856, a treaty was offered to the king of Oude for the cession of the territory, offering him 12 lacs of rupees per annum. He did not accept the treaty, and for two or three years the money was not paid to him because he would not accept it; but since that time he has accepted it. Besides these, there are a large number of other payments that are made to the family.

7298. That is consequent upon the annexation of Oude?—Yes.

7299. Can you, in general terms, refer to those in this account?—They are to be found under these "Territorial and political pensions," except those which are lumped under "Political pensions not exceeding 20,000 rupees," and "Pensions not exceeding 5,000 rupees." I conclude that those must be a number of pensions which were

were formerly payable, after certain sums of trust-money, as it were, had been placed in the hands of the British Government for the payment of certain pensions; they were not originally placed in their hands for that purpose; they were originally placed in their hands under exceptional and extraordinary circumstances. They were loans made by the Oude Government or bequests from members of the Oude family, the interest of which was to go to the payment of pensions.

7300. Will this item of 75,785 *l.*, for "Territorial and political pensions" diminish as the parties die off?—Some will, but some will not. I think it should be stated, firstly, that I do not very clearly know what is included in these two items of 27,425 *l.* and 34,715 *l.*, to which I have just alluded.

7301. Are these pensions of 75,000 *l.* to be regarded as a permanent charge?—I think, with regard to all that come from investments, in the shape, either of money borrowed by us from the old Oude Government, or else as what is known as the bequest of the Begum, all those should be permanent.

7302. Is that the view which the Government take of these pensions, that some of them are temporary, and some of them are permanent?—In general terms, it might be said that some are for life, and some are the subject of special arrangements.

7303. We will go now to the "Proportion of Pension of Maharajah Dulleep Sing," 1,200*l.* what is that?—The majority of the payments made to him, as the Committee are aware, are made in England. These small payments are made to some dependents of his who still remain in India.

7304. These are paid on his account, out of his whole pension?—Yes; I believe that he pays for them. I do not think that they are additional to his stipend, but I speak under correction on that point as I do not see the names. There are some other payments to members of Runjit Singh's Family (as for instance Shah. Deo Singh), but they are not deducted from Duleep Singh's stipend.

7305. The next item in the "Pension to Ally Bahadoor, ex-Newab of Banda, including allowance to the family of the late Zoolficar Ally," 3,600 *l.*?—The ex-Newab of Banda is officially said to have gone into rebellion in 1857. He had a hereditary pension of 40,000 *l.* a year, and some land at Banda, where there was a palatial sort of residence, which people, who have read so much about the Banda and Kirwee prize money, may have heard about. In consequence of his believed disloyalty and infidelity, this was resumed, and on his surrender to Government they allowed him for maintenance, a sum of 36,000 rupees for life, or 3,600 *l.* It is simply a life pension. The item states, "including allowances made to the family of the late Zoolficar Ally." Zoolficar Ally was his father, and the "family" mentioned are therefore relatives of the ex-Newab.

7306. Then the next item is, "Pensions to the family of the ex-Rajah of Coorg," 867 *l.* Is that for life or in perpetuity?—It is only part of the pensions. I think that there must be some others mentioned under the name of North Western Provinces. You will find another item at page 33; and this arises from the fact that pensions are paid at different places.

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7307. There is an item, "Family of the ex-Rajah of Coorg," 2,190 *l.*, appearing under the head of North Western Provinces?—Yes; they make on the whole 3,057 *l.*

7308. Are those payable to his relatives for life?—For life. Probably, however, at their death some of their dependents would be provided for. The Committee know that the ex-rajah was deposed. (I want to show how the pensions diminish.) He was deposed in 1834, and a pension fixed upon him of 6,000 *l.*, and now this is diminished to nearly one-half. These are the pensions paid in India, which amount to 3,057 *l.* I dare say it may be remembered that a daughter of the ex-Rajah of Coorg was in England with him, and that she was Christianised and baptised, and the Queen became her godmother. Then a special pension was fixed upon her of 1,000 *l.* a year, But she died, and her daughter now has a pension of 250 *l.* There was a charge upon the home establishment of 1,000 *l.* a year, which is now reduced to 250 *l.*

7309. The next item then is this "Compensation," 2,948 *l.*; what is the meaning of that?—That is a very vague term, I cannot explain who that is compensation to; it does not state in the slightest degree, and I have no possible means of knowing.

7310. The next item is "Pagoda and Mosque Allowances," 1,388 *l.*, what does that refer to?—When we have assumed certain territories which were receiving church grants, or whatever the proper name may be, the English Government always consider it a duty to keep up those payments made to the priests for the support of their mosques, and temples.

7311. These represent charges of that kind?—Yes.

7312. The next two items relate to pensions not exceeding 20,000 rupees per annum, pensions not exceeding 5,000 rupees per annum, what are those in general terms; are they pensions for life?—I believe that a great number of the Mysore princes are included in that, and therefore they will not be for life, over and above the interest of the capital stock, which I conclude is not mentioned here.

7313 What are the others; do you know in general; pensions for life, or permanent pensions?—I suppose they are small terminable pensions.

7314. Then we will go to the Central Provinces; what is the charge of Sustanic Gund Rajah, 10,684 *l.*?—This is the man who was, in former days, known as Ghond Rajah; he held a certain amount of territory bordering on Nagpore, and the Bhoonslah family of Nagpore took that territory into their own hands, and they agreed to pay him this amount of stipend on his making cession of that to the Bhoonslah family. When we steped in and took Nagpore into our own hands the Government determined that we ought to pay the allowance, that indeed the engagements of the former rulers should be "religiously observed"

7315. Is that considered by the Government a permanent grant, or is it one for his life?—I think from their having said that it should be religiously observed, they considered that it was a permanent obligation.

7316. Then the next item is "Janoojee Rao Bhonslah Rajah Bahadoor and the widows of the late ruler," 9,000 *l.*?—When the British Government declared the State of Nagpore to have lapsed

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altogether it was found that the old Rajah of Nagpore had no male heirs, and he had not adopted a son; he put it off; he was often persuaded to do so, but would not do it; he thought he might get an heir; at all events he died without having adopted an heir; but the elder of his widows, upon his death, adopted this boy Janoojee Bhonslah, and according to the Maharatta law of succession, a child adopted by the widow would stand in the same position as one adopted by the late rajah.

7317. As regards their private affairs?—Yes; but at all events this boy, whose name is Janoojhee, and who was a member of the family, was taken into the arms at the proper time of the senior widow, and all the ceremony of adoption was gone through; so the Government afterwards took a favourable view of his case and granted him this sum of money, and allowed him to take the name of Bhonslah; so he is now Janoojee Bhonslah, and he has this pension.

7318. Is this granted him for life?—I should think it was not merely for life, judging by the terms on which it was granted. The pensions are not given in perpetuity. The claims to continuation will be considered, in each case, as they arise, but it is very difficult to determine in each case.

7319. Mr. *Fawcett.*] Do you mean difficult from the way in which it was granted?—Yes, because some part of it is in land which is hereditary, whilst the money-payments are not.

7320. *Chairman.*] You mean that the language of the grant is not sufficiently explicit to enable you to form an opinion upon the subject?—From the terms of the grant I should think some portion of the money-payments would be continued after his death.

7321. There are several other payments here under the Central Provinces, and also I see mentioned pensions not exceeding 5,000 rupees per annum, making a total of 30,000 *l.*?—These other intervening people are the widows of the late rajah; Durreea Baee Sahiba and Trimbuckjee Nana Aeeher Rao, Annunda Baee Sahiba.

7322. Would these be pensions for life?—Those would be life pensions strictly. I think that Janoojee's is the only one not for life.

7323. With regard to these numerous pensions exceeding 5,000 rupees, and not exceeding 5,000 rupees, making together a total of 38,000 *l.* a year are those all, or for the most part, pensions for life?—Yes.

7324. Those were all granted upon the change of government in Nagpoor, I suppose?—Those included in this statement were all granted in consideration of our having taken over to ourselves the whole of the revenues of Nagpore and also a good part of the personal property of the rajah.

7325. Now we will proceed to Bengal. There is this item of 170,000 *l.* for "Stipends and Allowances of the Nizamut." Has the Government decided whether this is a permanent charge or whether it is a charge merely for the lives of individuals?—I have a very clear knowledge of all the despatches that have gone out to India, but I am not quite clear as to the extent to which they have been returned to Parliament, so that if I have to give my evidence only as to what is already before the Committee it will be one thing, but if I have to express my own knowledge of the circumstances it will be another thing.

7326. Were the views of the Government with regard to those payments explained in a Despatch of Sir Charles Wood laid before Parliament?—Yes.

7327. In a few words will you give us an explanation of what are the views of the Government, as expressed in that despatch, with reference to this report?—The views of the Government are these; that inasmuch as the Newab Nazim of Bengal had guaranteed to himself and his family, during his personal life, the sum of 16 lacs of rupees, the sum, as before, of 7 lacs of rupees should be granted to him as his personal allowance, that the other members of his family should be well provided for also, according to the scale that at present existed; and that the remainder, which was not so applied, should accumulate according to circumstances; that in one year there might be extraordinary charges for the building of a palace, or for the endowment of daughters who were going to be married; and in another year less; but there would always be a surplus, but that of this accumulated surplus the Newab Nazim himself was not to have the whole control; but it was suggested in that despatch that he might properly be consulted upon points by the agent of Moorshedabad. It was laid down in this despatch that these accumulations could on no account be diverted from the uses of the family of the Newab Nazim, and the purposes of that great establishment there which went by the name, improperly perhaps, of the Nizamut. It was suggested afterwards in that despatch, that the accumulations of that deposit fund might go very properly to form a sinking fund, as it has been described, for the benefit of the family. We could not tell what the amount of that fund would be, because it would all depend upon the tenure of life of the Newab Nazim. If he lived 20 or 30 years longer the amount to the credit of the Nizamut family would of course be much larger than it is now. At all events, in any case the whole of this money was to be devoted to the purposes of the family, and at the death of the Newab Nazim, it was thought that the accumulations might make a provision for his son and the whole of his family.

7328. With regard to the fund which you have just mentioned, the Nizamut fund, will you explain what is the amount of that fund?—Yes; there is a sum of 20 lacs and 85,000 rupees, which has been invested, and out of the interest of the sum thus invested, our own British establishment, which we call the Agency, is paid. Then there is another sum of between 10 and 11 lacs of rupees, which is kept in hand to meet extraordinary unforeseen claims (according to the statement here it is 10 lacs and 73,508 rupees). These extraordinary expenses are the marriages of daughters, repairs to public buildings, travelling expenses, and other contingencies. Then it goes on to say: "the other sum of 55 lacs and 33,261 rupees, referred to in the India Office despatch as accumulations, has, in reality, never been paid into any separate fund.

7329. Mr. *Fawcett.*] When you speak of the Nizamut fund, 850,000 *l.*, what you mean is, that there is a fund that ought to exist to this amount, but that 555,000 *l.* of that has been spent; and, therefore, instead of being a fund, so far as this amount is concerned, it is simply a liability?—It is simply a liability. The Government of India described it in past days as a "book debt."

7330. But

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7330. But then, how can you create a sinking fund out of a debt?—Because when the time comes that the stipends of the family are to be capitalised, the Government must produce the money, which it holds in trust for the family.

7331. But to look at the future financial position of India, India is 555,000 *l.* worse off, and will be worse off, of course, than it would appear from the statement that this 850,000 *l.* is a fund?—Most certainly, the Government of India owes that amount to the Nizamut family.

7332. *Chairman.*] The Government of India does not consider itself under any obligation to account for that 550,000 *l.*?—The Government of India do not consider themselves under any obligation to pay interest on that fund, but they do consider, for it is is laid down most distinctly in Sir Charles Wood's despatch, that Government must devote the whole of that money, in some form or other, to the benefit of the family.

7333. I understood that Sir Charles Wood's despatch was a suggestion, not an order?—I beg your pardon; it was in the most emphatic terms laid down in Sir Charles Wood's despatch that the whole of that money was the property of the Nizamut family, but it was suggested that the accumulations in that fund might be made a permanent provision for the family.

7334. Then there are other pensions under the head of Bengal, amounting to 40,171 *l.*; do you know the nature of those pensions; are they permanent?—They are most of them charges that will cease. The compensation to the Bhooteeahs will be paid, I suppose, as long as we are at peace with them. It was granted to them after the Bhootan war. When we took the Dooars away from them, it was thought that it would weaken them so much in point of revenue, that it would be sound policy to pay them a certain sum, so that they might not be so very weak as to have temptation to run across the frontier, and carry off men and cattle. So we granted them the amounts named.

7335. As to the other pensions making up the 40,000 *l.*; are they life pensions, or permanent?—I think that they are mainly life pensions; but probably some small sums may be given to their descendants.

7336. With regard to the sum of 44,600 *l.* charge of "Compensation payable under convention with the French Government in lieu of salt formerly supplied to them;" what is that?—There was a convention entered into between Great Britain and France, signed by Lord Buckinghamshire for us, 7th March 1815, in which the British Government engaged to farm the salt manufactory of the French possessions in India, exclusive of such quantity as was required for the home consumption within the French territories in India. This stipulated amount was 4 lacs of sicca rupees, or Company's rupees; 4 lacs, 26,000 rupees, that is, 42,600 *l.* "In consideration of the stipulations expressed in the preceding articles, His Britannic Majesty engages that the sum of 4 lacs of sicca rupees shall be paid annually to the agents of the King of France." This was because we did not wish the manufacture of salt in the French territories in India to interfere with our own.

7337. That is a perpetual payment so long as we carry on the monopoly of the salt manufacture?—Yes, provided that the French continue to occupy their present possessions in India.

7338. The next is an item of "Sayer Compensations," 4,251 *l.*; what are those?—Those Sayer Compensations are compensations given, I believe, to parties who had previously received certain gunge or market dues in the old time. I suppose that they had grown up by prescriptive usage without any rights whatever; our Government, when they got the land in their possession, gave compensation

7339. Does the Government consider these permanent?—I suppose they do. I dare say that several families derive all that they have from them. But I do not remember that the subject, which seems to be rather a revenue than a political question, has ever come officially before me.

7340. Then we go to the North Western Provinces; we find, "Territorial and Political Pensions," amounting to 52,613 *l.* Do you know whether those are permanent or temporary?—Taking first the pension of the Rajah of Benares, his is a permanent pension. Some of the smaller ones will cease; and with regard to the family of the ex-Rajah of Coorg, probably some of those will be wiped off.

7341. Then there are, "Pensions and Charitable Allowances" in the North Western Provinces amounting to 11,326 *l.*?—Some, probably will fade away, and some of those will be continued.

7342. And "Sayer Compensation," amounting to 4,366 *l.*, is that permanent?—The first item, "Rajah Mohender Sing," 2,410 *l.*, must be permanent; that is in lieu of something taken from him.

7343. In the Punjab there are, "Territorial and Political Pensions," amounting to 51,949 *l.*, in the account. Do you understand whether those are permanent?—Some of them are, but many of them are not. A great number of these are personal. I may explain that of these that are put under the head of the Punjab, some have nothing whatever to do with the Punjab, but that owing to the Punjab Government, now including a considerable part of what was formerly under the North Western Provinces, a number of these have come in. For instance, Rajah Bukht Bulli, is the ex-Rajah of Shah-Gurh, who went into rebellion; his pension is a pension which will cease with his life. Then there is Murdan Sing, who is the ex-Rajah of Banpore; his pension will cease. Then the others, Rajah Fyztullub Khan, and Rajah Ali Bahadoor, son of Rajah Fyztullub Khan, are Punjab chiefs, and I suppose the case with regard to them is, that their pensions would fall under the ordinary system, which in most cases is one of gradual diminution.

7344. The Government did not engage to pay them in perpetuity?—No. Then the next one I see in the list is Mohun Loll, who is well known as Sir Alexander Burnes' moonshee, that is purely personal. Then Yar Mahomed Khan, as far as I can make out, was connected with Moultan, and his is a purely personal pension. Then we have a name which has come before us on a previous occasion, a member of the Delhi family, Mirza Ellahee Bux. Then Dhurn Kaour Sirdarni, is a Punjabee; Ajoodiah was the widow of a Sikh chief.

7345. Now, we come to the item of "Pensions under 5,000 rupees per annum, granted on the resumption of Maafee tenures," 25,271 *l.* Do you understand whether those are permanent grants?—Yes; because those have been granted

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for certain value received. These Maafee tenures were often hereditary and transferrable.

7346. Then there are "Political Pensions under 5,000 rupees per annum," amounting to 15,687 *l.* Are those political pensions for life or permanent?—I should think that the greater number of them will be terminable.

7347. Now, will you proceed to "Pensions and Charitable Allowances" in the Punjab, amounting to 29,833 *l.*?—Here we have Ellahee Bux down; his is a life pension; but some portion of it will be continued. The widow of the late Rajah Bullub Ghur has a life pension.

7348. Then there is "Sayer Compensation" again in the Punjaub, amounting to 2,553 *l.* Are those permanent?—Those, most likely, would be permanent, if for value received.

7349. Then there is "Commutation of Pensions," 9,483 *l.*?—If it is commutation, I conclude that it is only a charge for that year.

7350. Then we proceed to Madras, and we find, under the head of Tanjore, the charge of 31,397 *l.* What is that?—Those are payments made to the widows, the daughter, and the son-in-law, and other members of the family of the late Rajah of Tanjore, who formerly belonged to that country. We treated them formerly very much the same as the Newabs of the Carnatic, that is to say, we took the whole administration into our hands, and we paid to the Rajah of Tanjore one-fifth of the revenues of the country; and he was receiving that up to the time of his death, when Lord Dalhousie declared the titular dignity to be extinct, and we assumed the whole of the revenues of the country, and gave the family an allowance. I fancy that these statements (I have been able to verify them pretty accurately) are all correct.

7351. But have they been granted for life?—Yes, they are all for life. The whole of the money will not be wiped off, because it is always customary to take a compassionate view of the circumstances of those left behind who derived their subsistence from the leading members of the family. Under the old arrangements, before the death of the last Rajah of Tanjore, they had, under treaty, about 118,000 *l.* a year, and the pensions, I find, in 1867 amounted to 39,297 *l.*, and they are now stated at 31,397 *l.* so that we have gained 7,000 *l.* or more in four or five years. In former days Tanjore used to pay a large tribute to us.

7352. "Masulipatam: Stipends to the family of the late Nawab of Masulipatam," 3,393 *l.* Are those life stipends?—That is an item that I have not been able satisfactorily to account for as to whether it is or not for life. I took some pains to inquire into it. I should say that, as this was on account of cession of territory, it was a permanent obligation; but not, perhaps, to the full extent.

7353. There is an item under Madras of "Compensations, Pensions, and Charitable Allowances," 145,164 *l*, which includes pagoda and mosque allowances, and compensations in lieu of resumed lands, offices, and privileges, including salt compensations," 111,853 *l.* Is that item, do you consider, permanent or temporary?—I should consider that a permanent allowance most certainly; unless the country were Christianised. It involves a very difficult question which has been the subject of much discussion. Hitherto, the policy of the Government has been to maintain these grants, to support the native religious endowments. Distinct pledges to this effect have been given in past years.

7354. Then there are "Pensions and Charitable Allowances," which make 27,876 *l.*, and "Allowances to Zemindars, Jageerdars, and Enambars, &c.," 55,435 *l.*; are they also permanent, or will any of them cease?—Some may cease on death of present incumbents and some may be gradually terminable. We have got very elaborate regulations with regard to the manner in which these different inams are to be treated, and in different parts of the country there are different rules relating to them. It is rather a subject which comes under the revenue authorities than under the political, but we have laid down very distinct rules and regulations with regard to them, and the upshot of it is, that from generation to generation they are generally diminishable. There are some which are maintained in their integrity, but the great number of these rent-free grants, were granted in consideration of service to be rendered in the way of affording a certain quota of horse or other military assistanse in case of war, and the consequence is that in those cases when the horse or the military service is no longer given, then of course, the amount is reduced.

7355. Then under the head of "Kurnal" there is an item of 9,063 *l.* for "Stipends to the family and dependants of the late Newab of Kurnal"?—It is called Kurnal here, but I conclude that being put under the Madras head, it means Kurnoul. The Newab of Kurnoul conceived the absurd idea of endeavouring to make war against us, and the consequence was that the country was conquered, and it was taken away from him, and he himself afterwards killed, if I remember rightly, by a Mahomedan fanatic. But the claims of his son were favourably considered, and we granted him this pension. I conclude that it will be reduced at his death.

7356. Then we go to Bombay and Sind; we have an expenditure amounting to 724,000 *l.*, the first item being, "Pensions to the family and dependants of the late Newab of Surat," 10,000 *l.* Are those permanent or for life?—They will die out in time.

7357. Is the present grant for the life of the parties?—No; the present grant is for three lives. It was granted to the son-in-law and two grand-daughters of the late Newab of Surat. The man himself, Jaffier Ally, who married one of these grand-daughters, is dead, he died in 1863, and the two grand-daughters survive. When these two die this pension of 10,000 *l.* will cease altogether off our books.

7358. Then the next is the "Newab Mahomed Ally Khan Bahadoor," 1,468 *l.*; is that also for his life or in perpetuity?—I believe it is a life pension.

7359. Who is the Newab?—That I was endeavouring to ascertain from the Bombay authorities in the India Office this morning, and I have not been able correctly to ascertain it. We have the same name in the account under another head, but he is the Banda man. Sugoona Baeesaheb, who is next in the list, is a Sattarah Begum.

7360. What is the claim of the Sugoona Baeesaheb Maharajah to 6,000 *l.*?—She was the widow of the late Rajah of Sattara.

7361. Is that for her life?—Yes.

7362. Who is Pertal Rao Goojub; what is his claim to a pension of 1,200 *l.*?—He was one

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one of the Sattara family, but I do no not know exactly the relation which he bore to the late rajah.

7363. Then there are "Various pensions and allowances above 5,000 rupees and under 20,000 rupees per annum," 8,353 *l.* Do you know whether these represent life pensions or permanent charges?—I should think the greater number of them are terminable or reducible, perhaps mostly terminable on the death of the parties.

7364. Then there are "Pensions not exceeding 5,000 rupees per annum, including commutations," 41,620 *l.*?—They are, I suppose, different members of the Sattara family, and other families, whose pensions are paid from the Bombay Treasury.

7365. Then there are "Enamdars and Surrunjamdars," 443,416 *l.*?—Those are an immense number of people, who have held different kinds of rent-free tenures, at different times, which we have guaranteed, and have continued to pay. The circumstances under which they have been granted are various, but we have endeavoured, as far as possible, to lay down rules under which they have been granted, and the general rule, as regards the Deccan Surinfams, I have got here, but it would take a long time to explain them.

7366. Are these payments for the lives of the parties, or during the continuance of the families?—They are mostly to be continued during the lives of the present incumbents, with the knowledge, on the part of their descendants, that, at the death of the present incumbents, they will be reduced.

7367. Then do you expect that those items will ever be altogether extinguished?—They will not be extinguished altogether for a very long time. We found the effects of attempting to extinguish them very inconvenient a few years ago.

7368. Has it been reduced within the last few years?—Yes, the amount has been decidedly reduced.

7369. Can you give the rate of reduction?—I have not that, because most of these cases are questions of revenue rather than of politics.

7370. Then, with regard to the "Sayer and miscellaneous compensations," 11,817 *l.*, is that a permanent charge?—I should say that most of these Sayer compensations, as compensations for some value received on our part, as a general rule, would have to be continued.

7371. Then there is an item of "Sultan Fudil Mahsin, of Lahej," 1,412 *l.*, what is that?—The Sookan of Lahej is the old territorial chief of Aden. We agreed to give 541 German crowns a month, in consideration of his foregoing certain transit dues which he had levied, or rather, reducing them within certain bounds.

7372. Is that permanent?—Yes; it will be a permanent grant unless we make some new arrangement. I see that according to the treaty the amount was 541 German crowns a month; the amount in English money being 1,412 *l.* a year. The Government at the present time have under consideration a proposal to make him a grant in a compensation, namely, 800 dollars per month for the abolition of the dues, so that if we pay him this money the dues will be abolished altogether.

7373. Do you know whether the Sultan of Lahej resides at Aden still?—Yes, and he is still in communication with our Government; he is a man of very good character and position.

7374. The next item is "Allowances, &c. to the ex-ameers of Sind, and others," 23,289 *l.* Are those permanent or temporary charges?—They are terminable; I suppose upon the death of each of them there will be some provision made for their descendants, but we are not pledged or guaranteed to give them the whole amount of their pensions; I have no doubt that a liberal provision will be made for such descendants as they leave behind, as we have taken their country. The amount is very much reduced. I saw in referring to some papers, that in 1864, the amount was 29,475 *l.*, and I find that now in 1871, it is 23,289 *l.*, so that in seven years it has been diminished by 6,200 *l.*, which I think is satisfactory. Very few of them have died off, but they must be at the present time getting old men; so that I should think that the pension list will be very much diminished, even if a liberal view were taken of the claims of their descendants.

7375 There is an item of "Cristna Rao Wittul," 2,202 *l.*, what is that?—He is a member of the Guicowa family. A pension was granted to him in 1845 of 24,000 rupees per annum, which I fancy will tally with the entry here.

7376. Will that terminate with his death?—Yes, it will terminate with his death. I dare say some provision will be made for his descendants.

7377. Then there is a large item of "Dewasthan and Wurshasum Allowances," 172,213 *l.* What are those?—These are matters rather difficult to explain; but the Dewasthan allowances are the amount of revenues applied to the support of temples and other holy buildings; in fact we may call them, I think, church revenues.

7378. Do you consider those a permanent charge upon the revenues?—I conclude it to be a permanent charge as long as the religions of the country last. The other name which is Wurshasun represents charges of a totally different kind, their assignments are annual allowances made for various purposes to individuals apart from the religious element. These have not the religious element in them.

7379. Are they hereditary?—It is a sum which is variously applied, and according to local circumstances, but I believe that in the Bombay territory they are in some way or other connected with the support of the police. So I was told this morning; at all events, there is no religious element in the Wurshasun charges, but the Dewasthan are entirely allowances for religious purposes; church revenues you may call them. There is another item for the "Redemption of huckdars' bonds, &c.," 942 *l.* They are merely certain bonds which have been given to holders of certain alienations of the revenues. I suppose that we gave bonds for the purpose, and they redeemed these bonds and paid so much money. But these are revenue not political questions.

7380. With regard to the amount appearing at page 21 of the Receipts, under the head of "Tributes and Contributions from Native States," amounting to 719,421 *l.*, do you know whether the items constituting this total are of a permanent nature, or whether they are likely to increase or diminish?—As long as our treaties with these native states exist these payments will continue. If any of these chiefs should go into hostility against the British Government, instead of their paying to us we should probably

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pay to them as pensioners, and we should have all their country. But I wish to state at the same time that these payments do not really represent what we receive from the native princes and chiefs, for undertaking the whole military defence of the country, because great part of the payments consist in assignments of territory to us, and therefore we must consider these as only the absolute cash payments to us, whereas, in almost every important case, as in the case of Hyderabad and Scindiah's dominions, they have made very large assignments of territory to us out of the revenues of which we are to pay ourselves for the maintenance of those armies which are to protect their dominions. Therefore these statements merely contain the actual sums in the way of tribute that they pay.

7381. Mr. *Fawcett.*] What you wish to say is, that in addition to that 700,000 *l.*, a considerable revenue, we receive from them a considerable revenue in the shape of land, which is put down under the head of Land Revenue?—Yes, it is all laid down by treaty. I have here the treaties with regard to one or two of the most important items; for instance, in the case of the Hyderabad assigned districts.

7382. *Chairman.*] Are those districts in the charge of the British Government?—Yes, administratively.

7383. Then the revenue from those is treated as part of the land revenue?—Yes, up to the point at which the Nizam had covenanted to pay us for the support of our troops, but we have covenanted to give him the balance, and we do give him the balance.

7384. Sir *C. Wingfield.*] These assigned districts are for the support of the contingent?—Yes, or in other words, for the military defence of the country. The British Government having reduced the military power of all the native princes and chiefs of India, having surrounded them in every way and relieved them of the necessity of keeping up armies of their own, having declared that they shall not go to war with each other, having defended them against all the neighbouring states, think it very fair and right in every way that the native states whom we thus protect should pay certain amounts for the support of our army, and they do pay these certain amounts for the support of our army, only the general result has been in almost every case like what happened in Oude at the beginning of the present century in Lord Wellesley's time. The king of Oude, who had made a contract of the same kind with us, found that he could not pay the money: upon which we took a large part of his territories into our own hands and we paid ourselves, and we have gone on doing that from time to time. We have done it in the Hyderabad case, and we have done it in Scindiah's case. And it is often said, extremely unjustly with regard to our relations with the Native States, that whilst we are protecting them they are paying a very inadequate remuneration; but we have to bear in mind the amount of territory which they have ceded to afford revenue to us, out of which these armies are paid.

7385. Mr. *Fawcett.*] Do the amount that they cede and the amount of tribute which they pay more than cover the cost of the contingent?—It is very difficult to calculate that; I do not know anything more difficult. For instance, in the case of Scindiah we have got a great question now on with him as to where the army is to be posted, and probably the army being posted in a locality which might be equally advantageous to Scindiah and to ourselves, that army would be serviceable, in the event of an outbreak, to ourselves, at the same time that it would be ready to protect Scindiah against an outbreak in his country; so that it is very difficult to say at any one time that an army kept up in a certain part of the country is kept up entirely for the defence of the ally who pays this subsidy, or whether it may not be kept up partly for our own purposes. So it is nearly impossible to apportion the amount of charges.

7386. Could you state generally what is the annual value of the land which was ceded by the native princes to us?—I have no statement of the gross amount. The revenue derived from a certain area of land would depend upon circumstances. In some instances a fixed amount has been named as our share. In others, we have taken what we could get out of the land.

7387. About our payments to these princes, do you know at what rate they have increased or decreased during the last 10 years?—I think that there has been a very large decrease; I have already before the Committee stated in detail some of the decreases that have been made, I have also said that I proposed, with the consent of the Duke of Argyll, to call upon the Foreign Department of India to send annually a statement to us showing the exact amount of each political pension and the circumstances of each pensioner, together with a statement of all lapses during the preceding year; that I think it would be extremely advisable to do. We have had no return since that made in 1864 on a motion by Mr. Adam; and looking into the Finance Accounts, as I have done since I was last before the Committee, I find that, although during the time of the East India Company the condition and circumstances of every political pension were very clearly stated, those reports, which were so valuable, were discontinued in 1859; that is to say, they ceased with the East India Company; and the explanation is that extreme rapidity of report is called for in these days, which is not compatible with extreme accuracy of report, that the two things cannot tally, and that they are obliged to make out a report, putting down a man's name for a pension without stating who he is, or under what circumstances he got it. That may be the case with regard to the Financial Department, who are called upon to furnish reports, but I think that they might in the Foreign Department of India annually return, if not a totally correct, yet an approximation to a correct return; and I think that it would be extremely advisable to make it every year. I have often had to hunt out the case of a single man's name through a dozen or so books of this kind and character (*producing a bulky folio*), and it has been exceedingly difficult to do it.

Major-General RICHARD STRACHEY, R.E., re-called; and further Examined.

Major-Gen. *R. Strachey*, R.E.

7388. Mr. *Fawcett.*] YOU expressed an opinion that the income tax had produced very little discontent in India; of course, you are aware that that opinion is in direct antagonism to the opinions of many officials who have been directly concerned in the collection of the tax, are you not?—I do not think I have made any such statement.

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7389. What was the exact nature of your statement; I understood it to be that; that you wished to convey the idea to the Committee that the income tax only produced discontent amongst the comparatively very few who actually paid it?—That is my idea; I do not think I said it; but that is my idea, that the people who do not pay it do not care about it.

7390. Are you not aware that officials concerned in collecting the tax say that where one person pays the tax, at least 20 are worried, annoyed, and injured by unjust assessments and vexatious demands upon them?—That there has been a great deal of abuse in collecting that tax is not to be disputed.

7391. But you have not been concerned directly in collecting the tax?—Not at all.

7392. And you are aware that I am referring to the opinion of people like Mr. Campbell and Mr. Inglis, and others who have been concerned in it, and who, therefore, speak from practical experience?—Yes.

7393. You expressed an opinion that the taxation in India at the present time has not produced much discontent. Are you aware that that opinion is in direct antagonism to the opinions expressed by Lord Napier of Magdala, and Lord Mayo?—No, I cannot say that I am. I do not carry in my head what Lord Napier of Magdala said; but I do not think that the opinion I expressed is opposed to what Lord Mayo said.

7394. Are you aware that Lord Napier recently said that there was probably no time in the history of British India when we had such a small hold upon the people of India?—He may have said so, it does not follow that I should agree with him.

7395. Are you not aware that Lord Mayo, not long before his death, expressed his opinion that the constant increase of taxation which for years had been going on, and was going on at that time, had produced a wide-spread feeling of discontent and dissatisfaction?—I am not aware that he said so.

7396. Those are his exact words. Are you not also aware of this, that Lord Mayo went on to make this very significant remark, that reducing the army would be a peril, but that he considered the discontent produced by increased taxation was a so much greater peril, that rather than incur the greater peril which would arise from increasing taxation, he would incur the smaller peril of reducing the army?—That Lord Mayo said that there is no doubt, but I understand the signification of Lord Mayo's utterances on that subject to be this, that it was notoriously very difficult to raise fresh money by new taxation in India, and that great danger might arise from the Government attempting to force an increase of income in that manner; that he thought it was not impossible that there would be so great danger in fact in attempting to do this that, if he was pushed, he might think it preferable to reduce the charge even for the army.

7397. You admit that there will be a great danger in increasing the number of small taxes which would come home to the people. Are you not aware that that is what is going on every year by the increase of local taxation in India?—Well, I should not answer the first part of your question in the affirmative; neither should I answer the second part in the affirmative.

7398. That was Lord Mayo's opinion about the danger of increasing small taxes, which come home to the people; but I thought you were expressing that as your own also?—I expressed my opinion as to the difficulty and danger of attempting to force an increase of income by new taxation beyond a certain point; but that is a totally different thing from asking me to agree, as I understood you to do, that there had been of late years a great increase of a number of additional small taxes.

7399. I do not say a great increase, but local taxation has increased; and local taxation assumes the form of a great number of small taxes?—I think that is an erroneous idea.

7400. Take the case of Bombay. You are probably aware that they are going to have a local income tax there levied upon incomes of 5 *l.*?—That there have been proposals for local taxation, which I myself consider bad, I am perfectly prepared to admit; but that that is either the general, or the necessary result of local taxation, I deny.

7401. I am simply dealing with facts; some of these taxes, such as the Chokeedaree tax, have actually been levied, and others have been proposed; and if they are proposed by responsible people it creates great alarm?—You refer to the Chokeedaree tax as if it were a new one; it is one of the oldest taxes of India.

7402. It has been levied in a loose and lax way, has it not?—There is nothing novel in that.

7403. The proposal to levy an income tax of 5 *l.* is one that may excite alarm, is it not?—First of all what you speak of is not an income tax in any sense; and in the next place a tax of that description is not new, and is not unusual. A tax of that description, for instance, has been levied, to the best of my belief, in the city of Bombay itself for some years past for municipal purposes, but in the nature of what is better called a license, a tax upon trades and professions; I think that is what they call it. Something of the same sort is levied in various parts of India under various names. They have the same thing in Calcutta; they have had it for a considerable length of time. As to the precise limit to which it extends, and as to the precise way in which it is levied, the circumstances differ, and they will vary from one place to another. And here I would like to observe that you have been talking as though there had been as a fact a great increase of taxation in India of late years. Now allow me to say that I most distinctly deny that. I say that, as a fact, it is not the case, and I am prepared to prove it. I will give you the actual figures.

7404. You admitted last time that the accounts are differently made out now from what they were 10 years ago. You are aware that in 1862 many things were put down as revenue receipts simply as net receipts, which are now put as gross receipts?—I admit that so far as it goes, but as I said before when I mentioned it, my belief is that the effect of that alteration is not important. I wish to take from among the heads of revenue any one that you admit distinctly to be taxation, and I will compare the figures under it in 1870–71, with what they were in 1861–62. But I affirm that a very large proportion of the revenues of India are not in the nature of taxation, that they are in the nature of income, that the Government is in the position of a proprietor, who has certain property of various descriptions from which he receives income, and which in no sense is taxation.

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ation. The land revenue, for instance, I say, is not taxation. To begin with, then, we have for the total increase of income of the Government of India, as shown by the accounts between 1870–71 and 1861–62, a sum of 7,366,000 *l.*

7405. But now I want to know can you state to me in every item of revenue receipts, distinctly whether they were gross or net receipts in 1860–61, and the same with 1870–71 or 1871–72?—I am prepared to admit that, within certain limits, the figures do not represent identical facts.

7406. If we have a long examination upon this point, and you start by saying, that within certain limits they do not represent it, the whole point then turns on an argument what those certain limits are?—It appears to me, that the position you take is this: You make an assertion which I attempt to controvert; you say that you have certain facts on which you rely, and when I say I have certain facts on which I rely, you will not accept them; but you say that only yours are to be accepted.

7407. No, can you, in showing that gross sum, state the amount of error that is produced owing to the circumstance which I have stated?—I cannot.

7408.. You cannot state positively whether it is 1,000,000 *l.* or 5,000,000 *l.* You could find it out if you examined the accounts?—I admit that I cannot state, in a positive way, whether it is 1,000,000 *l.* or 5,000,000 *l.*; that if a sufficient inquiry were made the figures might be ascertained I do not dispute; but I do say, that I have just as much right to argue upon the figures as they appear in the public accounts, that there has been an increase of income, as distinguished from taxation, as you have to say that there has been a great increase of taxation.

7409. I am asking your opinion; if I were being examined as a witness, I would give the Committee exactly what I consider to be the correction, that is, to be introduced, owing to the different ways that the accounts are made up, and I believe I know it, you have just the same means of getting at it. I want to know whether you have done the same, because, if not, it throws an air of doubt and uncertainty over the whole of your evidence?—I admit that there is a certain element of doubt, and, as I should say, a necessary element of doubt, in dealing with such figures as are to be got from the public accounts; but it seems to me that I have a perfect right to say this, that though the facts (because they are facts as far as they go), may not have any value in your eyes, and you may consider that the element of doubt is so great as to make the whole argument worthless, it does not follow that will be the result to my mind, or that every other Member of the Committee will think the same as you do.

7410. You admit that owing to your not examining these accounts in the way in which they might be examined, there is an element of doubt thrown over the whole of your evidence in this case?—I admit that in a certain sense. There is doubt as to the precise amount of real increase, but no doubt as to there being some increase, and that such increase is not due to increased taxation.

7411. The revenue has increased in these 10 years 7,000,000 *l.*, you say?—Yes, 7,366,000 *l.*

7412. Has that arisen from increased taxation, or from any other cause?—You shall judge for yourself. The income under head of Military is nothing more than refunds; under Public Works, it is income and not taxation, income from irrigation works; under the head of Interest, it is income not taxation. Under those three heads, Military, Public Works, and Interest, there has been an increase in income of 629,000 *l.*, which is not taxation.

7413. If your General Public Works only pay 2 per cent., the more you receive under that head the more it shows the burden on the people of India?—It appears to me that it is quite certain that there is an absolute sum of 629,000 *l.* received under those three heads, not in pounds, of course, but in rupees.

7414. Not a net receipt?—Yes, an absolute receipt, coin. At the present time, we have disposed of the additional charges, and I am talking about the income, and what I desire to do is, under the heads of income, to eliminate that which is not taxation; and I say distinctly, that those three items that I have referred to, cannot, under any circumstances, be called taxation.

7415. What is the next?—The two next are minor ones; the first is Marine and the next is Education; the receipts under Education are school fees, and under Marine charges for pilotage, that is not taxation, the result is 197,000 *l.* for the two.

7416. But the receipt for Education in 1861-62 was nothing was it not?—£. 42,000 *l*; and in 1870-71 it was 62,000 *l.*

7417. That shows that we are spending more money on education?—As I said before we have nothing to do at the present moment with charge, my argument has nothing whatever to do with charge; I admit that we have an increase of outlay as you point out of 6,000,000 *l.* or 7,000,000 *l.*; there is no dispute about that; I am explaining how the increase of income has taken place by which that increase of charge has been met; and I say that to a very great extent that increase of income has not been increase of taxation but increase of other sources of income.

7418. What are the other items?—The next is Judicial; I may class that together with Police. The receipts under Police, as I admit, are virtually contributions by municipalities to the Imperial treasury on account of the local police; practically that shows an increase of taxation. Then under the head of Judicial, there are court fees; you may call that taxation or not; I do not know exactly how it should be classed; you may say what you please about that; I am not particular; if, however, it be taxation, it is of a peculiar sort and falls on a peculiar class.

7419. Mr. *R. Fowler*.] Is that owing to litigation being much increased?—To a great extent, I suppose. The total increase under those two heads is 514,300 *l.*, namely 339,000 *l.* under Judicial and 175,000 *l.* under Police. Then come the revenues proper. The first is Land Revenue, on which there is an increase of 692,000 *l.* Now if we had been increasing the share which the Government took in the produce of the land, of course you would have a right to say that that is an increased burden on the country; but that is not the case. So far as there has been a change, the change has been quite in the other direction, and the burdens have been made lighter, not heavier. Then, under Forests, there has been an increase of

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201,000 *l.*, which is either the result of the sale of the produce of the forests to the community, or the result of sales of timber to the Public Works Department, and therefore that again, is nothing in the shape of taxation. Then comes Excise, the taxation upon liquor, and on the retail sale of opium, which is used in some parts of India; that gives an increase of 572,000 *l.* Now, although you may call that taxation in one sense, still, it again is a very peculiar sort of taxation, and falls upon a peculiar class; and there are many people who would like to see the increase of this sort of taxation carried to such an extent as to check consumption, even though the revenue were thereby diminished.

7420. That charge for opium is upon the Chinese, is it not? — This is revenue derived from the retail sale of opium to the inhabitants of India, who themselves use it to a certain extent, and in some provinces largely. Then the next is Income Tax; there was an increse on this of 20,000 *l.* Then comes Customs; on Customs there is a diminution of receipts of 294,000 *l.*; there is no increase of taxation there. Then comes Salt, here I admit is increase of taxation amounting to 1,541,000 *l.*; but although I thoroughly admit that that is increase of taxation, remember that this increase of taxation falls (according to my point of view) upon a community increasing both in numbers and in wealth, and therefore that it by no means follows that the actual incidence of that taxation forms any additional burden upon the community. At the same time I admit that, so far as it goes, that 1,540,000 *l.* is real increase of taxation. Then comes opium, 1,638,000 *l.* That again is not taxation because the chief part of it is trade profit, and the other part is an export duty on opium grown out of our own territory.

7421. A transit duty?—Yes. Then the next is Stamps, showing an increase of 796,000 *l.* That, of course, within certain limits, is also taxation, but taxation of a peculiar sort. Then comes, under the head of Mint, an increase of charge, that is to say, a reduction of revenue instead of an increase; therefore that disappears. Under the head of Post Office, there is an increase of 493,000 *l.*, a good deal of which is nominal, as being official postage, perhaps half of it.

7422. Mr. *Fawcett*.] What was it in 1861–62?—£. 402,000, and now it is 805,000 *l.* A great deal of that increase is actual and real, I think that cannot be disputed at all. Then comes Telegraph, 75,000 *l.* against 247,000 *l.*; the increase is 151,000 *l.* Under the head of Miscellaneous there is an increase of 551,000 *l.*, but neither is that in the nature of taxation. A good deal of that increase, under the head of Miscellaneous, has arisen from the abolition of the service funds, and the payments which are made by the officers in the army and the various services, which now appear as receipts of the Secretary of State, instead of being credited to separate funds. Therefore I say that, on the whole, out of this increase of income of 7,366,000 *l.*, taking the very largest estimate, the increase of taxation will not be more than two millions sterling, and that the bulk of it is, as I said before, growth of resources.

7423. Mr. *J. B. Smith*.] Is not the cost of carriage upon the salt a very large addition to the taxation; is it not an impost?—Of course it is a very great addition to the cost.

7424. Has not that charge been very much diminished by cheaper conveyances, railways and other means?—Yes, very greatly.

7425. Do you think that the consumers of salt pay more money for their salt now, deducting the advantage which they have derived from the cheap carriage, than they did before the late salt duties were imposed?—I should think they paid more on the whole, but there is no doubt whatever that a very important set-off arises from that circumstance which you refer to.

7426. There is no possibility, I suppose, of making an estimate of how much that is?—It is extremely difficult.

7427. But there has been that effect produced by cheap carriage?—There is no question of that in many parts of India. In some parts, where the salt is produced locally, the full amount of increased taxation falls upon the consumer at once.

7428. We have had cases where salt has had to be carried 200 miles on the backs of bullocks, and although the duty on salt had been increased, the consumption had increased, and that had arisen solely from the advantages which they got in having the salt at a cheaper rate of carriage?—That is perfectly true.

7429. Mr *Fawcett*.] You have not made a similar comparison between the present time and the time before the East India Company was abolished, have you?—No.

7430. Your comparison is between the present time and a year when India was recovering from the mutiny?—The reason for my selecting these years was to bring to the test of fact, so far as was possible, the financial result of the operations in the shape of new public works, which have been commenced and carried out with more than common vigour between 1861-62 and 1870-71. I have been taking what may be called a public works point of view, and I am trying to explain to the Committee the general position under which the Government of India has considered that it has been justified in going into that expenditure.

7431. Are you aware of the increase of local taxation?—Yes, I think I mentioned the last time I was here what it was.

Friday, 28*th June* 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Bourke.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Mr. SAMUEL LAING, called in; and Examined.

Mr. *S. Laing.*

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7432. *Chairman.*] THE Committee having requested your attendance, will you be good enough to state the period during which you held the Office of Member of Council for the Finance Department in India?—I was Member of the Council of India for about two years, commencing in the end of 1860.

7433 And during that time you had charge of the finance and the revenue, and a certain control over the expenditure?—Yes; I went out very suddenly, on the intelligence of the lamented death of Mr. Wilson, to take his place as Finance Minister of India.

7434. Perhaps you would explain to the Committee what you consider the extent of the duty and the responsibility of what is called the Finance Minister in India, with reference to the revenue and to the expenditure?—I should say that it is very much the same as the Finance Minister of any European country, or as the Chancellor of the Exchequer in this country, only that perhaps the Finance Minister in India has more control, from the fact of the Viceroy, who may be considered the chief of the Cabinet, not having such acquaintance with the details of financial matters as the First Lord of the Treasury often has in this country; in other words, that the Finance Minister is almost alone there in the matter of finance, while in this country he generally has many colleagues in the administration who are more or less conversant with the subject.

7435. Was it your duty to propose in the first instance any change in the revenue, either by increase or diminution of taxation, or any alteration of taxation?—Yes, certainly the responsibility devolved upon me of preparing a Budget for the year, in which the object was to extinguish a very large deficit and create an equilibrium.

7436. Before that Budget was acted upon was it submitted for the consideration and approval of the Governor General?—Yes.

7437. In the preparation of the Budget was it carried on entirely upon your responsibility or in constant communication with the Governor General?—Upon all the larger and more important questions I was in constant communication with the Governor General.

7438. Then with regard to the expenditure, had you any opportunities of examining and controlling the expenditure proposed for the Budget year?—Certainly, it rested with the Finance Minister in preparing his Budget to propose the estimates of expenditure as well as of revenue; that brought me in communication with the Governor General, and with the other members of the council upon all important questions involving expenditure.

7439. Was it part of your duty then to suggest any diminution of expenditure under any of the different heads of administration?—Certainly; I should say that that was the main duty under the circumstances of the finances of India when I went out.

7440. And in the same way in examining the various heads of expenditure, did you arrive at a conclusion first, or was any suggestion for change or improvement made by you in concert from time to time with the Governor General in the preparation of the estimates of expenditure?—I should say that the suggestions were made by myself, mainly in consultation with the heads of the departments and the head of the Military Finance Commission; they were then suggested to the Governor General, finally debated and decided upon in council.

7441. That is to say separately, *seriatim*, before the whole Budget was arrived at?—Yes.

7442. The distinction that I wish to call your attention to is whether the Budget was made by you *en bloc*, as it were, and then submitted for consideration, or whether it was prepared by you in concert with the Governor General, and then revised as a whole?—Before a final Budget could be prepared, of course all the important questions of policy had to be decided with the Governor General; for instance, there was then a deficit of upwards of 5,000,000 *l.*; the question was how that was to be met, whether by increase of taxation or by diminution of expenditure. Practically, it

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it was met almost entirely by diminution of expenditure. That involved very sweeping reductions in army and navy, and other establishments, which, of course, involved important military considerations, and had to be determined by the Governor General in Council before I could make a final Budget.

7443. Will you describe to the Committee the view you took of Indian finance when it came under your charge?—When it first came under my charge things looked very gloomy. The result of the Mutiny had been an enormous increase of expenditure, and for two or three years after the termination of the Mutiny, there had been enormous deficits, ranging from 15,000,000 *l.* a year down to about 5,000,000 *l.*, and when I first went out the deficit was still upwards of 5,000,000 *l.*, and there was a very desponding feeling about it; but then we set to work vigorously with reductions, and we were able in a very short time, in the coure of six months or so, to establish a practical equilibrium; and since then I have taken rather a hopeful view than otherwise of Indian finance.

7444. Mr. *J. B. Smith.*] What year was that?—1861-'62.

7445. Mr. *Bourke.*] You went out in October of 1861, did you not?—I went out in the end of October 1860, so that I may say that I took charge about January 1861, and the first budget was produced, I think, in the end of May or beginning of June 1861.

7446. *Chairman.*] What were the steps taken by you to improve, or which you deemed desirable to improve the condition of the finances so as bring the expenditure within the revenue?—The great measures consisted of reduction of expenditure, the largest reduction being due to the diminution of the military establishments, especially of the native army; that was the largest head of reduction. There were other very important reductions as in the Indian navy, and marine, and several of the civil establishments; but the result on the whole was that an economy of about 5,000,000 *l.* was introduced in the Budget of that year.

7447. Did that bring the deficit of 1861 ultimately to an equilibrium, or rather the expenditure to an equilibrium, or was there still a deficit?—I think that practically there was an equilibrium.

7448. Perhaps you can state what was the gross expenditure and deficit or surplus during the years immediately connected with your administration?—In the year 1860-61 the gross revenue was 42,903,234 *l.*, the total expenditure 48,154,087 *l.*, and the deficit 5,250,853 *l.* In 1861-62 the gross revenue was 43,829,472 *l.*, the gross expenditure 44,870,232 *l.*, and the deficit 1,040,760 *l.* In 1862-63 the gross revenue was 45,143,752 *l.*, the gross expenditure 44,053,122 *l.*, and the surplus 1,090,630 *l.*

7449. Before going into any subsequent views of finance, would you like to offer any further observations to the Committee on the finance of those three years particularly?—I think that they showed the possibility at that time in India of meeting a very heavy deficit indeed by vigorous reductions of expenditure, and of establishing what is substantially an equilibrium; for in those two years there is a deficit of a million in one year, and a surplus of a million in the other.

7450. Have you directed your attention to the state of Indian finances since you came back from India?—I have, of course, always kept up a general interest in the subject of Indian finance; but having many other things to do, and not being responsible, I cannot say that I have the details or exact figures well up; but the general views of Indian finance I have always kept up.

7451. Can you state generally what view you entertain now of the position of Indian finance since the period of 1863?—My opinion has always been that there has been a disposition in this country to take a somewhat too gloomy view of Indian finance, and to be too much alarmed at a moderate deficit in any one particular year. I think that the finances of India, as a whole, since that period, for the last 12 years, as compared with those of almost any other country I know, have been in a particularly healthy and sound condition.

7452. If you could make out that view somewhat in detail, we should be glad?—For the last 12 years, it seems to me that the position of India as regards indebtedness has remained practically about stationary; they have not been accumulating debt, although they have been doing a great deal of work out of revenue upon extraordinary public works, and paying interest on unproductive capital, which in almost any other country would have been charged to capital. I was looking at the return in the last estimate of Sir Richard Temple just come home, and comparing it with the charges during my period, in 1862. The national indebtedness of a country is, I think, fairly measured by the annual charge for interest which it has to pay in respect of debts. I find that, in 1862-63, the net amount of interest for all debt and charges of every description on the Indian Government, both in India and England, was 5,484,000 *l.* In 1870-71 (this is the figure of the actual return), the same charge was 5,499,000 *l.* So that I may say practically the annual charge for interest on the Indian Empire had not increased from 1862 to 1870.

7453 Mr. *Fawcett.*] That does not include, does it, the loss entailed by the guaranteed railways and other companies?—No, but as regards the interest on the guaranteed railways the loss from the guaranteed interest on railways was 1,500,000 *l.* in 1862, and it is estimated at 1,800,000 *l.* in 1870-71. During that period the capital expenditure on those railways increased in round numbers from 60,000,000 *l.* to 90,000,000 *l.*; so that the last 30,000,000 *l.* spent upon railways have only cost India as yet 300,000 *l.* a year additional, or 1 *l.* per cent.; and I consider that the loss for the guaranteed interest on railways is certain to diminish and finally disappear with time; and I should observe another item in the calculation, that the cash balances in the Treasury which in 1862 amounted to 17,650,000 *l.*, in March 1872 were 21,500,000 *l.*; so that the practical result of 10 years' working I may say is, that the charge for interest remains the same, and the cash in the Treasury was 4,000,000 *l.* more; that is what I call practically having been in a state of equilibrium, taking one year with another.

7454. *Chairman.*] You have stated your view that the annual charge for the interest on debts represents the burden that the people bear. Are you in a position to state what the relative capitals were in the two periods that you have mentioned?—No; I have not the figures of the capitals. I must tell the Committee that I am not prepared with precise figures upon a great

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many of these points, not knowing exactly what the line of examination was to be. I take this as my principle, right or wrong; I measure the charge of a debt by the amount of annual taxation required to meet it.

7455. When you say that the guaranteed railway interest will disappear, has your attention been directed to the growing charge in consequence of the new railway works that the Government have undertaken?—Of course it must depend in some measure upon the rate of extension of railways. If Government were going to lay out a large sum of additional capital in making lines for military or political purposes not likely to be reproductive, then my answer must be modified; but if they only go on as they have been going on for the last 10 or 15 years, making a comparatively moderate amount of lines, and making the branches or subsidiary lines at a cheap rate, then I certainly think before 20 years, or a less period has elapsed, you will find that the charge for loss on guaranteed railway interest will have entirely disappeared.

7456. With regard to the cash balances, do I rightly understand that some figures you have given for the last period are the cash balance, inclusive or exclusive of the cash represented by notes in circulation?—Exclusive of the notes in circulation. The notes in circulation are based upon Government security, to a great extent, and are quite a separate department.

7457. I only want to call your attention to the fact, because I am not quite clear on the subject that the Treasury balance, exclusive of the notes, is as much as you stated. Have you any other reasons for suggesting the hopeful view of the finances that you have stated?—I say that this state of practical equilibrium for the last 10 years has been attained, although there has been a large expenditure during that interval upon extraordinary public works and other matters, which has only partly been met by loans, and to a considerable extent has been charged to revenue, whereas certainly any other country in Europe that I am acquainted with, any growing and progressive country which requires to make a large extra expenditure, would have had an extraordinary budget, and have charged these things to capital.

7458. When you speak of charging to capital, do you mean that they would have raised a loan to meet that expenditure as representing a capital over and above the current receipts and expenditure of the year?—Yes; I am not giving that as a matter of opinion on the question what is the right course, but that is a matter of a fact, that all other countries, except England, which I know anything of, and pretty nearly all railway companies, do charge such matters to capital as in India have frequently been charged to revenue.

7459. Do you know whether foreign governments, generally, in raising such loans raise them on the principle of amortisation, on the principle of limiting them to a period of years?—Generally on the principle of amortisation, more or less long, but that principle is by no means uniform. For instance, France has spent a great deal of money on those works to which you allude, which has been raised in the first instance on treasury bonds and then consolidated into perpetual rentes.

7460. On the Continent is the practice by amortisation, to raise the capital, as in this country it has been done, by terminable annuities?—Yes, the practice with foreign countries whose credit is perhaps not quite so strong as that of England, is, generally, to borrow with amortisation; 2 per cent. or thereabout is a very common rate of amortisation, so as to extinguish the debt, if it be a 5 or 6 per cent. debt, in 30 years, or thereabouts.

7461. In the same way that all the debts contracted by municipal bodies in this country are allowed to be raised so that they be extinguished within a definite period?—Yes, certainly. I merely refer to these things in the case of India, as showing a healthy state of finance, because I think that an equilibrium has been maintained, though you have been spending a great deal of money which, in other countries, would be raised by loans, either with or without amortisation.

7462. Do you think, under the circumstances, that it is better to carry on the finance as it has been carried on since 1862, and continue the income-tax to meet these demands, or to carry it on in the way you suggest, and to abolish the income-tax altogether?—I think that the question of abolishing the income-tax in any particular year must be a great deal a question of the circumstances in which you find yourselves at the time. I do not mean to say that I should counsel abolishing an income-tax producing a large sum of money in the face of a large deficit; but I do say, without hesitation, that if I had been responsible for the finances of India in the last Budget for 1872–73, produced by Sir Richard Temple, I should have counselled the abolition of the income-tax.

7463. Is your opinion in favour of the income-tax as a system of raising revenue in India generally?—No, I think it is about as bad and obnoxious a mode of raising revenue as it is possible to imagine in a country like India.

7464. Did you consider when you were in India the various views that arose for and against the income-tax, much in detail?—Of course I did. At that time the income-tax was the great subject of agitation throughout India, having been proposed by Mr. Wilson, and carried in the face of a celebrated opposition by Sir Charles Trevelyan; and, in fact, being a great subject of discussion throughout the empire. My own experience of India being so very short, of course I went mainly by the opinions I could collect from those whom I thought most competent to judge.

7465. What were those opinions generally on the subject?—They certainly left on my mind a very strong impression adverse to the income tax. I think that for an oriental country, and with the eastern habit of mind, any tax which implies inquisition into individual means is attended with innumerable evils, which are comparatively little felt in a country like England. The oriental mind is peculiarly jealous and timid upon all those questions. The tendency to evasion, and even perjury, is perhaps the greatest evil. In the state of the country you have no means of getting accurately at the incomes of any, except the limited class of fund holders and European officers, and so on; for all the others, for the mass of the native population, you have no accurate means of getting at them, and you are obliged to employ a large army of native subordinate officers, who in a case like that are almost certain to abuse their trust, and for every rupee that comes into the Treasury to extort two rupees out of the population that have to pay it.

7466. Have you considered this subject in connection with the alternative which was suggested, I think, by Sir Charles Trevelyan of a license tax?—Yes, I also had to consider the question of a license tax. That was one of the measures proposed. The measure had been prepared and actually passed during the autumn of 1861, when I was at home from illness; and when I went out again, finding that it was possible by reductions of expenditure to establish an equilibrium without the license tax. To Lord Canning's very great delight I was able to propose to him that we should in fact remove the license tax, and do without it, so it never came into operation.

7467. But taking them as two comparative modes of taxation, which did you consider the least objectionable, the income tax or the license tax?—It is very much a choice of evils; if you take a license tax, you to a very considerable extent get rid of that evil of the inquisition and evasion; but then to make a small license tax productive you must spread it over a very wide area, and in doing so you greatly increase the evil; if you go to a license tax of one or two rupees you at once bring in millions of the population within its scope, and you do a great deal of mischief; I do not like either the one or the other; I do not like any form of direct taxation that you can possibly avoid for a country like India.

7468. Do you recollect the result of any inquiries as to the universality of a system of license tax in India before modern reforms of the revenue system in India?—There are very different systems prevailing in the different native states; I think what was very common indeed, was upon extraordinary occasions, such as a marriage in the royal family, or something of that sort, or some political misfortune: for instance, an unsuccessful war requiring a ransom, to assess roughly a sum once for all from all those who were thought rich enough to be able to pay it.

7469. But did you ascertain to what extent the system prevailed in India before the more recent reforms of our administration, of regularly licensing all trades and shopkeepers in all towns and villages throughout India?—I think it had prevailed to a considerable extent in some of the native states, but not under British rule for a great many years.

7470. Did it prevail under British rule until a very recent period of time, 30 or 40 years ago?—At that distance of time I can hardly say; my impression is that there had been nothing like a general universal license tax for a generation at any rate, under British rule.

7471. Do you recollect whether any systematic inquiry was made into that subject as to the nature of the license tax as it previously existed when the question was raised by you in India?—Yes, I think there had been very general and systematic inquiries made as to what would be the probable working and results of a license tax if imposed.

7472. I mean as to what had been the former system?—To the best of my recollection those inquiries to the Governors and Chief Commissioners of the different provinces would bring out the practice in the past as well as the probable results in the future.

7473. Did Sir Charles Trevelyan, as regards Madras, raise the question that it would be better to maintain the ancient license tax instead of substituting a new tax?—Yes, I think he did; I may say that, for my part, I have always thought that it was a misfortune that Mr. Wilson had not decided at that time, immediately after the crisis of the mutiny, when great measures could be carried out which might be difficult in more quiet times; to introduce some form of taxation of tobacco, probably by a Government monopoly of the article, instead of resorting to an income tax. That is mere matter of opinion; but I certainly am of opinion that some form of tobacco tax which might have been a permanent and very productive tax, might have been introduced at that period if Mr. Wilson had adopted it instead of the income tax. But at present, and for the reasons which I have stated, I do not consider that any one of the three alternatives, either income tax, license tax, or tobacco tax is necessary.

7474. Can you state, generally, whether Lord Canning, as Governor General, concurred in the views that you have adopted, and that you have now expressed; or what were his views on the subject?—I know that Lord Canning's view was very strongly against direct taxation for India, and that he only sanctioned the proposal for an income tax very reluctantly from the extreme financial necessity of the time. I know that when I was able to show to him that we were in a position to repeal the income tax upon the lower class of incomes, which we did in 1862, and to abstain from imposing the license tax, he was perfectly delighted, and received the announcement with the greatest possible pleasure, one expression I recollect his using to me, which made a very great impression on my mind when he was referring to the evil of unpopular taxation in India, he said, "Danger for danger; I would rather risk governing India with an army of only 40,000 Europeans than I would risk having to impose unpopular taxation"

7475. In that view have you considered, as a choice of taxation, and it may be said also as a choice of some inconveniences, what the effect would be of increasing the import duties levied in India?—I look on the question of import duties only in this way, as supplying an argument perhaps why we should be tender in this country in forcing unpopular systems of direct taxation upon India, because, no doubt, there is now a rapidly growing public opinion in India, which demands that in financial matters India should be treated with reference to her own interests, and as if she were an independent country. Now, if India were an independent country, there cannot, I think, be a moments doubt in the mind of anyone acquainted with the circumstances, that in preference to imposing an income tax she would increase her import duties.

7476. But do you think that the import duties put upon articles of consumption could be largely increased, without at the same time imposing corresponding excise duties?—I do not say largely; but I have no doubt that India could, perhaps, double her present revenue from customs or import duties by what still would be a comparatively moderate rate of taxation, without going so high, for instance, as France or the United States, or many other countries. I should think, if India had import duties averaging 15 or 20 per cent. *ad valorem* (which would not be an excessive rate, having regard to a great many other countries), she could get the additional one to two millions which might be required from the income tax.

7477. In speaking of this per-centage, are you speaking of import duties upon what are always spoken

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spoken of as manufactured goods, such as textile fabrics and the metal manufactures, or are you speaking of articles of consumption, such as spirituous drinks and other matters that are highly taxed when imported into this country?—I should think that if India were an independent country, and were driven on by any great financial necessity, she would probably increase her import duties upon manufactures as well as upon articles of consumption. I should like it to be understood that I am not at all advocating this measure myself; on the contrary, I think the sort of tacit bargain is a very good one, and a very advantageous one for both sides, "If you let British manufactures in almost free, you shall have the advantage of the British connection, and especially that of raising money at four or 4¼ per cent. instead of paying six or seven per cent. for it." Therefore I do not advocate the measure; I only point out that, with a native public opinion growing up, it is a reason why you should be tender in enforcing unpopular taxation by mandates from home adverse to Indian public opinion; that they have the retort against you, "If you leave us to ourselves, and act on Indian interests, we can get the money that you want by taxing Manchester manufactures."

7478. When you say that the people of India ought to have the benefit of raising loans at 4¼ per cent., do you in that mean to express that there should be any special facilities given for their raising loans, or that in fact they get that benefit by their connection with England, and by their ability to raise loans in this market?—That is what I mean; that from their connection with England they are practically getting the benefit of raising money at about 4½ per cent; when if independent they would have to pay a very much higher figure; and, therefore, I do not consider it at all a grievance to India that she is precluded from putting heavy import duties upon British manufactures, I think it is a mutually advantageous arrangement. I merely point that out as a reason to my mind why we ought to be tender in England in pressing unpopular taxation on India, when that is the retort which in native public opinion is apt to arise.

7479. I want to know whether you considered when in India, or have considered since, that a charge of 15 per cent additional upon textile fabrics and other manufactures of an analogous character would operate as in any way a protective duty to foster manufactures in India, or whether it would be in the nature of a mere enhancement of price, not having that operation?—Of course all import duties must have a protective effect where there are native manufactures of the same article; all I say is that if it were a mere question of 10 per cent. or thereabouts, I think it is very probable, if India were an independent country, India would do it rather than submit to income tax.

7480. Have you considered the import duties with reference to articles of consumption, which we do not look on so much as manufactured goods, like wine and spirits and other luxuries of that kind; narcotic commodities?—Yes; the objection to very high duties there is perhaps that the consumption is limited, and that it would affect mainly the class of Europeans who, from the great rise in the price of living in India, with stationary salaries for the most part are not quite in a position to bear it.

7481. Have you considered how far the revenue of India may rely upon the opium branch of it as a permanent source of revenue?—Yes; I had occasion to give that subject a great deal of consideration when I was out in India in 1862, because the cry was very much then as now, that your revenue from opium is very precarious, and that you should not base your financial system upon it; and that was used to a great extent as a justification for imposing direct taxation; in recommending Lord Canning, therefore, to dispense with the license tax I had to consider to the best of my ability what the prospect was of permanence in the opium revenue; and I came to a very clear and decided opinion, on looking back to statistics of that opium revenue for a great many years, that although it was a source of income subject to considerable variations from year to year, yet taking a series of years it was a steadily progressive revenue likely to increase, and no more precarious than any other duties which are founded on the taste of an immense population for artificial stimulants, as for instance, spirits in England. I may say that I ventured then to hazard a prediction that the opium revenue would be found, if you take a series of years, a progressive and not a declining one; that prediction has been fully confirmed, for in the two years 1861 and 1862 the average net receipt from opium in India was 4,941,000 *l.*, and the average net receipts for the two years 1871 and 1872 was 6,921,000 *l.*, or in other words the net revenue from opium in the last 10 years had increased from 5,000,000 *l.* to 7,000,000 *l.* a year.

7482. Have you any suggestions to offer to the Committee respecting the present state of Indian finances, and their treatment with a view of improving their condition, either in income or expenditure?—No. The only practical suggestion that I have to make is, that the authorities at home should be a little more liberal in their view of Indian finance, that they should be guided a little more by public opinion in India, and that therefore, in a budget where an income tax is not clearly required to maintain an equilibrium, they should not insist upon an income tax, or any obnoxious form of direct taxation, being maintained without a clear and manifest necessity. I do not think that I carry it further than that. And also that, of course, strict economy should be maintained in all branches of the expenditure; because, if by economy you can keep your equilibrium without imposing new taxes of any sort or description, that, of course, is the best alternative.

7483. Have you, since you have left India, sufficiently kept under view the details of Indian expenditure to be able to point out any special economy that could be effected in that expenditure?—No; I have always had a feeling that if you have once been in an official position, and are no longer responsible, it is hardly fair to those who are responsible for the figures to express an opinion adverse to them. I can only express generally my belief that with a tight hand presiding over the expenditure, it might be found possible to keep down, at any rate, the 500,000 *l.* a year, which is all you are now proposing to get from the income tax.

7484. Mr. *Fawcett.*] £. 750,000, is it not?—£. 500,000 net, I think; there are the expenses of collection.

7485. *Chairman.*] Did you consider, when you were in India, whether the Secretary of State for India in Council could render much assistance

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assistance to the Government in holding vigorous control over the expenditure?—No doubt the Secretary of State in Council in England is the supreme authority; and the greater rapidity of communication, and the telegraph, have of course made a very great difference in that respect, and made his authority much more sensible at all points, and extended it much more widely over details than it used to be, even in my time.

7486. But do you think that the exercise of that authority was carried out so as to materially assist in controlling expenditure, or did it become a mere formal acquiescence in the proceedings of the Government of India?—I should say by no means a formal acquiescence in the proceedings. I should say that at that time the necessity of establishing an equilibrium was felt quite as strongly at home as in India, and every mail brought out from Lord Halifax, who was then the Secretary of State, the most urgent injunctions and entreaties to Lord Canning to do all that he possibly could to diminish expenditure.

7487. Did you find that the large body in London, consisting of the Secretary of State and all the members of the Council, gave that detailed attention to the expenditure, and that minute inquiry into its nature and character, that they were enabled materially to keep in check the expenditure?—I must confine my answer strictly to my own experience while I was in office, and then I should say no, certainly not. I do not mean to say so from any deficiency on the part of the members of the Council here; but we had not the telegraph in those days, the correspondence took longer with Calcutta, the railway was not completed across to Bombay, and the course of events therefore left us to a very great extent masters of all details in India; and I think most of the practical suggestions of economy were made and carried out in India, and not at home.

7488. You did not rely upon the Council sitting in the India Office to take up and examine in minute detail the expenditure with a view of suggesting any diminution of it?—No, certainly not. I do not think that it made the slightest difference to us whether there was a Council or whether there was not one.

7489. What we may understand is, that the communications were in the nature of general reflections and suggestions in favour of economy?—I should say somewhat farther than that, because the large questions of military reduction, which were the largest of all, were questions which could not be decided unless by concert, to a very considerable extent, between the Governor General and the Secretary of State at home, especially questions as to the establishment of a European force to be kept up in India. With reference to that question, I would only observe, generally, that I find the total figure for home military charges which in 1862 was 2,256,000 *l.* had grown in 1871 to 3,525,000 *l.*, and that although the number of European forces in India had largely diminished. I merely make that as a general remark as confirming the impression on my mind, that by rigid economy some saving might be effected; but I am not in a position at all to go into details, or to say that any particular item of that expenditure is undue or extravagant.

7490. Mr. *Bourke.*] Before Mr. Wilson went to India there were large import duties imposed upon almost all textile fabrics, were there not?—No, I think not. The scale of import duties in British manufactures had been, if I recollect right, 5 *l.* per cent., it was raised to 10 *l.* per cent. by Mr. Wilson under the financial emergency of the time, and in the next year Lord Canning and I reduced it to 5 per cent.

7491. But were there not, within some very few years before Mr. Wilson went to India, duties amounting to something like 25 or 20 per cent.?—Not that I recollect.

7492. You cannot tell what the financial result was of duties of that kind being imposed upon British manufactures?—No.

7493. You do not recollect any period that can give you a practical illustration of what the result to the trade of India would be of duties of that kind being imposed?—No. I find, generally, that the customs duties in India have remained very stationary for the last 10 or 12 years, while most other branches of revenue have largely increased; and I have very little doubt, from my general financial experience in other countries, that if it were absolutely necessary to get some increase of revenue, by increasing import duties, it could be done. I do not say that it would be a good thing, but that it would be a possible thing.

7494. You do not recollect whether it was tried in India in modern times?—Not in recent times.

7495. You rather inclined to a tobacco tax, I think you said?—I merely threw that out as a general observation There are great difficulties in the way, from the fact of its being grown in almost every garden in India, and consumed by the peasants I merely say that I think, if at the time after the Mutiny, when there was a great financial crisis, and the country was prepared to submit to anything, Mr. Wilson had adopted a tobacco tax instead of the income tax as a means of restoring the finances, and had introduced a Government monopoly of the article, it is very probable indeed that a large and permanent source of revenue might have been established which, after the country got used to it would not have been very much felt. That is a mere matter of opinion; I do not at all advocate introducing it now.

7496. It is a tax that has been spoken of in India during the last few years, has it not?—Yes, it has often been spoken of. I think now, when there is no pressing necessity for a general tax like a tobacco tax, if it is to be introduced it should be introduced locally and cautiously, perhaps as part of those local budgets which the different Governments are now authorised to make on their own account.

7497. It is a tax that would affect the lower classes of the people as much as the salt-tax, I suppose?—Yes, much the same.

7498. Why do you think that a license-tax is in any way superior to an income-tax?—Simply in this way, that you would have less inquisition into individual incomes Once you had classed a man either as a petty tradesman or a wholesale merchant, or whatever it was in his class to pay so much, there he would probably remain; he would have no doubt in his own mind what he had to pay, and there would be no doubt what you had to levy from him; and although there would be a great deal of vexation and difficulty at first in classing him, and a great deal of extortion by the subordinate native agents in deciding which class he was to go into, yet once in that class there would be an end of it; he would have to pay his money.

7499. But practically the scope for extortion on

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on behalf of the natives would be the same as in the case of income-tax, would it not?—Not exactly the same, because in the case of the income-tax, the inquiry might come every year as to what a man's income was, while in the other case they would not be likely to vary the rate. If a man were once classed in the one-rupee class, or in the ten-rupee class, he would probably remain there. But I do not say that there is much difference between the two. I think that all direct taxation is very bad, and a license tax is perhaps only one degree better than an income-tax.

7500. Do you know any municipalities in India that have trust for the purposes of local taxation license duties, that is taxes upon particular trades?—I cannot say that I know the details of any. I have known cases where a locality has formed a committee of a few wealthy inhabitants, and compounded for the income-tax at a certain sum, and then raised it in their own way among their own people.

7501. I have one or two questions to ask you about opium. You say that practically there has not been that variation in the aggregate of the income derived from opium that people suppose?—Yes. There has been variation, but steady progression. I mean if you take it 10 years by 10 years, or five years by five years, the revenue from opium has been very much in India what the revenue from gin has been in this country.

7502. The fluctuation in the price per chest of opium has been very great, has it not?—Yes.

7503. The reason why the fluctuations in the aggregate have not been very great has been, has it not, that Government have taken precautions so as to produce an equal aggregate sum every year?—The Government cannot always take precautions, because it depends upon the accidents of the season very much.

7504. That has been their object?—I have always considered that the true policy (looking at it as a mere financial question) in India in that respect is to get your revenue by producing a large quantity at a moderate price. In that case you are independent of any native-grown Chinese or other foreign opium, and your revenue is securer than if you produce a small quantity at a high price

7505. Have you ever considered the policy when you have a good opium year of putting by the surplus receipt from that good opium year, and laying it up for a year when you have a bad opium year?—I would meet it, I think, very much in this way, I would not so much mind a small deficit in one year if it arose manifestly from a deficiency of opium, because I should feel confident that the next year, or the year after, it would be made up by a surplus. It is a mere question of account, whether you do it by keeping large cash balances, and disregarding a million deficit this year, because it will be met by a surplus next year, or put the million bodily in a reserve fund, and draw against it.

7506. You would meet it by an arrangement of cash balances?—Yes; that is one reason why you should keep large cash balances in India, because the opium revenue is a fluctuating one.

7507. You were asked one or two questions about the financial control exercised by the Secretary of State and the Council here. For practical purposes, in a financial point of view, has the Secretary of State in Council here much to do with the financial policy that is carried out in India?—I cannot speak of what may be the case now, but certainly they have a great deal. Even in my time, when communication was so much more protracted and difficult, one of our most important reductions could not have been made without the consent, or almost the initiative, of the Secretary of State in England. Take, for instance, reductions of the European force in India; we could not send home a regiment under pressure of financial difficulties; if we thought that we could spare 5,000 European troops in India, we could not send them home without the leave of the Secretary of State.

7508. Taking questions with regard to new taxes, or the abolition of old ones, are those questions at all upon which, from your experience, you have received any assistance from the Secretary of State or the Council in England?—I can only speak of impressions, but certainly my impression is that there has been a tendency from home to press on the Government in India the imposition or the maintenance of some of these unpopular direct taxes, like the income tax. If the Government of India had been left a freer hand, under the action of public opinion surrounding them in India, both European and native, my belief is that some of these taxes would not have been maintained; and that they have been maintained in consequence of some pressure from home.

7509. Lord *E. Fitzmaurice.*] In what way would you propose that the tobacco tax, of which you were speaking just now, should be levied?—I have only very vague ideas on the subject, because I have never had occasion to consider it practically. The best solution is not to require either a license tax, an income tax, or a tobacco tax; but my general notion, from what I heard in India, was that it would be in some form of a Government monopoly, as they have in France and on the Continent.

7510. Something like what they have in Bengal in the case of opium?—Dealing with it very much as you do with opium in Bengal, buying it up at a fixed price from cultivators, and then selling it to persons licensed to sell it in towns and villages.

7511. There are two different systems with regard to opium, one in Bengal and the other in Bombay and Madras. Have you given attention to the question which is the best of them?—I think that each is best, probably, under its own peculiar circumstances. The Bombay opium is grown in native states where, therefore, an interference by our Government in detail to buy it up from the cultivators and limit its cultivation, would be more difficult; it can only be exported by land carriage through our territories, and therefore the opportunities for smuggling it out are next to nothing, and by an export duty we attain the result which we want of a large revenue. In Bengal those conditions are a good deal reversed; it is in our own territory and we can buy it up on the monopoly system; on the other hand it is nearer to Calcutta and there is more water carriage, and the difficulties of an export duty would be greater.

7512. A great demand has been made by some people for the Bombay and Madras system to be introduced into Bengal, has there not?—The only demand of which I have heard much, has been from philanthropists, shall I call them, in this country, who upon moral grounds think that if you can get your revenue by an export duty on

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on the opium, instead of buying it as a monopoly, you can wash your hands of it and say that as a Government you are not responsible. I do not see much difference between the two, myself, in that respect.

7513. Do you consider that financially there would not be a loss if that system was adopted?—Perhaps by the Bengal system, on the whole, you make rather more; but then you could not enforce it in the Malwa States, and therefore I think the export duty is the best for that side of India.

7514. You stated just now that in arranging the annual Budget you specially consulted the Chairman of the Military Finance Commission, I suppose that is because the military expenditure in India is one of the chief items on which the Budget depends?—Yes; at that time it was specially so. We had, as I stated, a deficit of 5,000,000 *l.* to deal with, and the only chance of producing an equilibrium was by very extensive military reductions: those were all questions of detail on which I had therefore to be coached up (if I may use the expression) by the head of the Military Finance Commission, before proposing anything to Lord Canning, and debating it with him and the Commander in Chief, and the Military Secretary.

7515. That being the case, I suppose, you found that the interference of the Secretary of State in England, to which you just now alluded, is an additional source of difficulty, because the Chairman of the Military Finance Commission in India might see his way to reductions which could not be carried out immediately, or which might even be finally altogether forbidden in England?—Of course if the Secretary of State at home in England were to set his face against reductions it would become difficult or impossible to carry them out.

7516. But is not the action of the Military Commission hampered, in that way, considerably?—I should think you would find that the authorities at home, with regard to military expenditure in India and especially on the native army, would always be favourable to reductions, as far as the Governor General and the authorities in India were willing to take the responsibility of saying they were safe.

7517. Did I not rightly understand you to say just now that it had been found, in practice, that difficulties rather arose from the action of the Secretary of State in England in the matter of reductions and economies?—Yes; I think, no doubt in my experience, difficulties did arise. I think, in some instances, if Lord Canning and the Government there could have had their own way, more especially in regard to the manner in which the fusion of the Indian-European Army with the Queen's Army was carried out, and some other matters, we should have done it in the long run more economically. That is a matter of history now, and a matter of opinion; but I referred rather to the action of the authorities at home, not so much in preventing reductions of expenditure as in preventing the authorities in India, sometimes, from paying that regard to the Indian public opinion which they otherwise would do, in regard to maintaining unpopular taxation. I think that if the authorities in India had been left to themselves they would probably have repealed the income tax before now, and if there had been a slight deficit in consequence (I am very doubtful that there would have been any), they, probably, would have met it by charging some more of the extraordinary public works to capital, and meeting that by a small addition to the loans.

7518. Do you consider that, owing to the action of the authorities at home, it has ever happened that expenditure which ought, in fairness, to have been charged on the English Budget has been thrown on the Indian Budget, because that has been stated in a petition to the House of Commons?—I think that has been done in past times to a very considerable extent. No doubt, in several of the Chinese wars, a very undue and unfair expenditure was thrown on India. I should not like to say that that has been done of late years or under the present administration, because I really know nothing about it in detail.

7519. With regard rather to the Abyssinian Expedition, a considerable share of that expense was thrown upon India, was it not, and that is comparatively recent?—Yes; of course that is a debatable affair.

7520. Do you think that that has caused any discontent in India?—I think that there is a growing feeling in India among the native population, as you may expect where the community are advancing so rapidly in wealth and intelligence, which prompts them to scrutinise very closely and very jealously details of expenditure; and I certainly have heard from people in India that there has been a good deal of feeling occasioned now and then by trifling sums, perhaps, rather than by others of larger moment; for instance, the ball given to the Sultan at the new India Office at the expense of India excited a great deal of comment in India; I do not say whether it was right or wrong; but in little things like that the Government ought to be careful here to do nothing to provoke that feeling.

7521. I suppose that that entertainment, to which you have just now alluded, was considered a very extreme case; though the amount was not all, the principle was important?—Yes; I think it was a thing that gave public opinion in India a text to preach against us.

7522. Do you consider that any portion of the annual military expenditure which is charged upon the Indian Budget ought to be charged upon the English Budget, because that is one of the subjects of complaint in the petition to which I just now alluded?—Not having examined in detail, or being in any way responsible for these charges, I am not in a position to pronounce any positive opinion on that point; I merely adverted generally to the fact just now, that the home charges on the army had increased very largely indeed in the last 10 years; and I think that that circumstance is a matter of a great deal of comment in India; but it may be a perfectly necessary and inevitable and proper charge for ought I know to the contrary.

7523. I suppose that a reduction in military charges would make almost a greater difference in the Indian Budget than anything else; that and the public works are the two main items that would bear reduction, are they not?—The army charge, in respect of that portion of the army which is in India itself, has remained pretty stationary a little over 12 millions, but the home charges have increased, as I mentioned, from 2½ millions to 3½ millions in round numbers in the last 10 years. But I by no means wish to say that

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that that is an improper charge. I have had no opportunity of examining the details; it may be perfectly right and reasonable, and it may arise to some extent from a transfer of charges.

7524. Is there any information or criticism which you would wish to lay before the Committee with reference to the public works in India, that being a subject which has attracted a good deal of attention?—I do not know that there is any special remark that I should wish to make. I think each work must be judged of very much by its own circumstances. I lay down as a general principle that a liberal expenditure on reproductive public works, especially roads and irrigation works is desirable, subject to the conditions of your being tolerably secure that you can carry the work out for the estimates that are given, and that it is a work that is likely to pay in itself. I think your great difficulty is not so much in finding the money as in seeing that you have a sufficient staff of engineers and contractors to carry out those works efficiently and economically if you press them on too rapidly.

7525. But is not that precisely where the public works system in India may be said to a great extent to have been broken down, that there has been no sufficient check on the expenditure, and that public works have been carried at very great expense, and under the name of reproductive works have turned out practically to be unproductive works?—No doubt that has been the case very often; with a limited staff to work, with limited means of carrying out these things, the difficulties owing to the nature of the ground and the climate are excessive, especially in almost all waterworks, and therefore it is a question which deserves great consideration in each case, whether you can rely upon the work being carried out according to the estimates given in of it; still I say that even what has been done has been a great deal better than doing nothing and standing still; and provided that you proceed with caution, as regards the engineering part of the works, I do not think that there are financial difficulties to prevent your finding the money.

7526. You think, on the whole, that if the works were carried out in a proper way, there would be a sufficient appreciation of them in India to make them pay. Take the case of railways; do you think that they would then be popular with the natives, and would be so used as to make them pay?—The railways are, I think, perhaps the greatest reason of all others why India has made such astonishing progress as it has done in the last 10 years.

7527. Still the main results of the railways according to your showing must be indirect results; so far as the figures go they would lead you to think that they do not pay; your view would be that the indirect benefits compensate for any loss sustained from them?—I should say that the country and the Government, as regards its finances, are in a much better position for having laid out some 90 millions at the cost of 2 per cent. now, or 1,800,000 *l.*, a year than if they had held their hands, and done nothing whatever.

7528. Do you, on the whole, think that the system of the Government making its own railways is better than that of the guarantee, or *vice versâ*?—There is a great deal to be said on both sides; in the first place it depends upon whether the Government has got the requisite machinery, and engineering staff, for the work. The failure of many other public works in India, canals, and irrigation, and so on, has arisen from not having a sufficient number of Government engineers; and if you throw on them a great deal of the work of railways, you might only increase that embarrassment. The guarantee system has this great advantage, that if you form a company and get a call of 20 or 25 per cent. paid up on the shares, you may go on and make calls as you want them to complete the work, whether times are good or bad; no matter what political crisis or deficiency there may be in your general Budget, you get your money and carry out the railways; whereas, if they were made by the Government, there would be great danger that in some political or financial crisis you would suspend your works. I think that was felt to a great extent during the period of the Mutiny and the years immediately succeeding it; and the benefit from that was so great that I am not prepared to say that it did not outweigh any superior advantages from the system of making the lines by the Government.

7529. The guarantee system is now practically being abandoned in favour of the Government making its own railways, is it not?—Yes.

7530. Mr. *J. B. Smith.*] I understand you to take a more favourable view of Indian finances than generally exists, and you give as a proof of your opinion that in 1862–63 the interest on the debt and charges amounted to 5,484,000 *l.*, whilst in 1870–71 it had only increased to 5,499,000 *l.*; now does that charge include the whole of the interest upon the debts of India?—Yes, that is the whole net charge, putting on the debtor side all the interest that you pay upon all the debts of India, both in India and in England, and on the service funds and deposits in the hands of the Government, and putting on the credit side some 340,000 *l.* which you have received as interest from balances in hand and otherwise.

7531. Then besides that there are the claims upon the Indian Government for guaranteed rail ways, and for different works of irrigation for which they have borrowed money; that is not included?—That is not included.

7532. Now I think you object to the system of keeping the accounts, and of paying the charges upon the debt and new works which the Government have guaranteed partly out of the revenue and partly out of loans?—I do not say that I object to it, except in this way: I say, if it becomes an alternative of maintaining very unpopular and obnoxious taxes in India for a small amount of money, or charging some of those matters to revenue which are ordinarily considered charges on capital, I would not maintain the taxes for the sake of doing so; I would do without those taxes; I would charge those matters to capital, and in case of need make loans to cover them.

7533. But you do not define precisely what particular branches of expenditure should be taken out of the revenue, and what should be taken from loans; for instance, all ordinary public works, such as the repairs of public works and public buildings, are a class which ought to be taken out of revenue entirely, and not done on loans; is that your opinion?—Yes; I think the line would be drawn very much as a well-conducted railway company would do in apportioning charges between capital and revenue.

7534. Then if the Government undertake public works which are supposed to be of a reproductive

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ductive character, they are justified in making those works out of loans?—I think so.

7535. And would it not be proper under those circumstances to keep those accounts separate, not to mix them with the other accounts?—Yes; I am speaking not so much with regard to the question of accounts, though of course they ought to be kept separate, as with regard to the question of policy. That is a question of degree. I say that I would be a little more liberal in making loans, if the alternative were maintaining a very unpopular taxation. I would not say that you were to make loans to cover palpable deficits of large amounts between current income and current expenditure.

7536. We come now to the state of the revenue of the current year. I do not know whether you have seen the statement of the Finance Minister, but he makes it out that there will be a surplus of about a quarter of a million sterling. Then he says that the accounts have been brought to this condition by what he calls a happy windfall in the opium revenue; and had it not been for that happy windfall, there would have been a great deficiency. I think the windfall amounts to nearly two millions in the opium; I am referring to the year 1871–72; the gain in the opium revenue in that year was 1,845,000 *l.* beyond what was estimated?—In 1871–72 the surplus, excluding extraordinary public works provided for by loan, is 2,700,000 *l.* I say, therefore, that in that year, in which it is attributed to a windfall in opium, the surplus is a very large one, upwards of 2,700,000 *l.*

7537. In that year that you are speaking of, 1871–72, the gain in opium formed three-fourths of the surplus, and amounted to 1,845,000 *l.* Now the year before that, in 1870–71, 1,000,000 *l.*, or two-thirds of the surplus, arose from an unlooked-for increase in our opium revenue. So that he has had two years in which there has been a great windfall in opium; do you think that a Finance Minister is justified in taking for granted that that surplus will continue?—Not to the same extent as in the year 1871–72. No doubt there were accidental causes then which increased the opium revenue beyond what might have been reasonably anticipated; but to a great extent I think he might. I think that the opium revenue, irrespective of what you call the windfall, or the accidental circumstance, has increased and is likely to increase.

7538. But still is it not subject to great fluctuations; in one year, for instance, it was 6,000,000 *l.*, and in another year it was 8,000,000 *l.*?—That is so; but for the last 20 years it has steadily progressed from an average net income of less than 4,000,000 *l.* to an average net income of nearly 7,000,000 *l.*

7539. But the expenditure has kept pace with that increase during all that time, has it not?—Yes; but I am referring specially to the opium.

7540. Now the state of the case is this; with a surplus revenue, according to this estimate, of a quarter of a million, the Government have undertaken very extensive liabilities in what they call State railways. These State railways are said to be made for political objects, and are not expected to make much return. In your opinion is it judicious to borrow money for the purpose of creating these State railways?—Yes, in principle; but if you mention any particular railway, I could give a more confident opinion. If you mean the one up to Peshawur, to connect the north-western frontier at Peshawur by railway with the rest of India, I should say decidedly yes.

7541. Take the Punjaub northern railway from Lahore to Peshawur (that is one of the lines which is contemplated) that line is not expected to pay one farthing?—I do not know on what grounds.

7542. There is not likely to be much traffic on it?—I should doubt that very much. I do not mean to say that it will be a good-paying commercial line, but I should very much doubt there not being a considerable traffic on it.

7543. But on what grounds would you advocate that line?—I think it is a line of first-rate political and military necessity, which may save us millions in army estimates.

7544. But that being so, the question is whe you should make it; should it be made by borrowed money with a revenue such as we have?—Yes, I think so. Railways must all be made out of capital, in other words, borrowed money.

7545. But would you go on making unproductive railways out of borrowed money with a state of revenue such as you have in India?—Each railway, I think, must be judged by itself, by its own circumstances. If you will mention any particular line of railway, I will give an opinion whether I think it is worth doing or not.

7546. The question is whether it will be a productive or an unproductive railway. Is it wise to borrow money on unproductive railways, the interest of which ought to be paid out of revenue, when you have no revenue to pay it out of?—I say, in my judgment, yes, if the line is of first-rate political and military importance, and the amount to be borrowed is not excessive, having regard to the circumstances of the country.

7547. Then there is another railway called the Scinde and Punjaub Railway; there is about 12,000,000 *l.* proposed to be laid out in these railways and they are none of them expected to be productive. As regards the Scinde and Punjaub Railway the result of the expenditure of 15,000,000 *l.* is a return of 11 *s.* 6 *d.* per cent. per annum upon the capital, and it is proposed to lay out many millions there in the same district; and I see by an account in "The Times" of the day before yesterday that the half-yearly report of the Scinde and Punjaub Railway to 31st December 1871, shows that out of an expenditure of thirteen and a-half millions, the net receipts for the half-year are 20,934 *l.* or a return of 3 *s.* per cent. upon the outlay. Now do you think it wise to lay out many millions more out of borrowed money, out of loans, in the same district, with a prospect of the same results?—Yes, I think it wise, whether you get a return for the money or whether you do not, and I am inclined to think that you will get a return on a considerable part of your capital from traffic, but even if you did not get a penny of it, I still say I think it would be wise for the Government of India to extend the line of railway communication from Delhi up through Lahore to the extreme frontier at Peshawur.

7548. And then from Moultan down to Kotri?—Well that is another question. I do not know that I have considered that very closely, that is a question of the cost again, and the circumstances of the time. Probably, I should say yes to that question also.

7549. But are you of opinion that it is a sound principle to go on, without any surplus revenue to increase your expenses?—Yes I do, under the

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circumstances of India; I think it is sound policy to make some of those railways of first necessity by loans or guaranteed capital, which comes to the same thing, even although you may anticipate that they will not pay for a number of years.

7550. I think you expressed an opinion that it was desirable to abolish the income tax?—Yes.

7551. Now is it possible that you can abolish the income tax and at the same time increase your expenditure by having to pay the interest upon loans for unprofitable railways?—The income tax is only producing, in this Budget, some half a million a year net, and your charge for the guaranteed interest on railways has only increased in the last 12 years, from 1,500,000 *l.* to 1,800,000 *l.*; and although, looking at the future, that charge will be augmented upon some of these lines, which will not be productive; it will be constantly diminishing by the increase of traffic upon the main trunk lines, which will carry the bulk of the commerce of the country; and therefore I should anticipate that if you go on and lay out another 20,000,000 *l.* or 30,000,000 *l.* in railways, by the end of the time you may not find your charge for guaranteed interest much larger, if so large as at present.

7552. Then you would run the risk of deficient revenue rather than not make those railways?—Yes, I would.

7553. In regard to these railways, you seem to be very sanguine that these railways will ultimately pay. How long do you think we must look forward to before a railway begins to be remunerative?—It depends upon what lines they are.

7554. Take the East Indian Line, that is finished: and there is the Great Indian Peninsula; those are two leading lines?—Well, I should certainly expect that those great arteries of the commerce of the country will pay or even yield a surplus in a very few years.

7555. If there be any railways in India that will ever pay, those are the most likely, because they lead from a port of shipment into the interior of the country, do they not?—Yes.

7556. The other railways, some of them, for instance the Baroda Railway, run alongside the sea, and almost have to compete with the sea: I believe that about one third of all the traffic from Baroda and that district to Bombay is carried by sea, is it not?—I do not know the particulars of that line. I do not mean to say that every railroad that has been made in India has been made wisely or well, but I say that the result of making railways in India, on the whole, has been beneficial to the country, and has given an immense stimulus to production, wealth, and civilisation in every possible way.

7557. There is no doubt, I suppose, that India itself has very much profited by the introduction of railways or any means of communication, such as roads or canals; and that therefore it is desirable to extend those. The only question is whether it is desirable to proceed with those unproductive works until the state of your revenue is such as to afford it?—That is a question, of course, of discretion in each case. I appeal to experience and to results, and I say, without hesitation, that India is very much better off now, more wealthy, prosperous, contented, and with a larger revenue, and in every respect better off for having expended some 90,000,000 *l.* sterling in making these railways, even though there is a deficit on them of 1,800,000 *l.* a year, than she would have been if she had gone on the opposite policy and spent nothing. Countries which have carried out that principle so strictly that they will spend no money, and will not make any loans for purposes essential for progress and civilisation. Countries, for instance, like Persia, shall I say, do not seem to me to be the most happy and progressive communities. On the contrary, many of those countries like Italy, Russia, Hungary, and other countries, where a great deal of money has been raised, more perhaps than many might think was prudent, but which have raised money largely, and laid out the money on railways and other appliances of civilisation, are countries in a state of rapid progress; and, I believe, that the future of those countries is much more hopeful than the future of a country like Persia, which has a certain sum of money, I believe, lodged in the treasury, and no national debt.

7558. There can be no question of the desirability of extending public works in India, especially reproductive works; but the question is whether it is wise, with a deficient revenue, to proceed with unproductive public works until your revenue is in a better condition; you seem to think that it is worth the risk to do so?—I say that it is all a question of the particular work. You cannot very well give an abstract opinion. The only one to which I have directed my mind particularly, and on which I do give an opinion is that Peshawur railway; I certainly think that that is worth making.

7559. It is said that this railway is a very difficult railway, and has to cross a great many rivers; it is a railway, I believe, that is made entirely for political objects; now is that a very secure railway, supposing that any mutiny or anything of that sort were to break out in India, where your bridges might be destroyed, and your whole communications cut off?—No, but it is a great deal better than no railway at all; and that line is a most material element in the security of India, not only against mutiny, but against those vague political alarms of what Russia may be doing on the other side of the Himalayas, which, if you do not take reasonable precautions, may involve you in very heavy expenditure some day or other.

7560. Mr. *Dalrymple.*] With reference to the opium traffic I wish to ask a question suggested by some evidence given last Session; do you consider from your observation that there is any reason for saying that there is the native mind in India any amount of disapproval of our interest in the opium trade?—I never even heard it suggested.

7561. Mr. *J. B. Smith.*] I will just read you one paragraph of the speech of the Finance Minister of India upon this late Budget; he says, "The State income fails to evince that elasticity and that tendency to rapid growth which we might desire to see, and which would be looked for if the requirements of progress in the expenditure are to be met." Would you still retain your views, would they remain unaltered after hearing this quotation from the Finance Minister's speech?—Of course I have read that paragraph in his speech; I know from the figures what the progress of Indian finance has been, I can only say I do not agree with him.

7562. Mr. *Beckett Denison.*] In your view of the progressive increase of the revenues of India, have you taken the trouble to analyse the details of the increase at all so as to form a decision in

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your own mind whether that rate of increase is likely to be continuous or not?—Yes, I have generally.

7563. With reference to the net revenue of India, do you place any limit to the amount to which you think that it would be prudent or desirable to incur an annual deficiency to be covered by loan rather than impose obnoxious taxes of small yield; taking the revenues of India at 48,000,000 *l.*, or whatever the amount is, is there any limit to which you think it would be prudent to take that course?—I think you must deal with the circumstances of each case, and of each year by themselves, as to the extent to which you would go in raising loans, for instance, as regards that railway which I mentioned to Pershawur, I would certainly raise the money by loan to carry through that work with reasonable dispatch, whether in a particular year your surplus or deficit were a little more or a little less, but I do not mean to say that I would go on in every year raising 5,000,000 *l.* or 10,000,000 *l.* in the face of a chronic deficit.

7564. Five million pounds or 10,000,000 *l.* is a very large amount to raise?—Still I would raise 5,000,000 *l*; I would raise 10,000,000 *l.* by loan in any one year; I would raise it to-morrow if you could show me works of primary importance in a political or military point of view, or almost certain to be reproductive, which are simply waiting for that amount of money to be laid out; because whether you spend it in this year or spread it over the next 10, if you have to spend it, and you can raise the money at a moderate rate of interest now, you may as well do it at once.

7565. You give precedence in these public works, I suppose, to railways and tramways rather than to irrigation works of doubtful importance?—Certainly, if they are of a doubtful character as to the return.

7566 You know the character of irrigation works in India?—There have been some very beneficial irrigation works; I think that Great Ganges Canal in the North Western Provinces save those provinces from a great calamity in the time of famine when I was out there, I must repeat that I think every work must be judged of on its own merits and from its own circumstances, you cannot give an abstract opinion as to what you ought to carry out.

7567. Have you paid any attention of late to the details of working expenses in the management of Indian railways?—I cannot say that I have closely.

7568. With reference to your opinion that the amount of revenue recouped from railways would be larger each year, do not you think that the enhanced price of materials and of coal, and of everything which goes to make up the working expenses of railways in India, will have a prejudicial effect upon that return?—That may affect it for a short period, but I certainly do not look upon the enormously enhanced price of coal just now as a thing likely to be permanent; you may have it just the other way; probably after a period of prosperity in speculation you will have a crisis, panic, and collapse, and then for two or three years you will have prices as much below the average as you now have them above.

7569. But it is the fact at the present day that the western railways of India are fed by coal from Europe, is it not?—To a great extent.

7570. Have you any opinion to offer to the Committee as to the manner and the economy of drawing bills upon India for the services of the Home Government?—No, I do not think I have.

7571. Have you any opinion to offer as to whether the present mode is economical or extravagant?—You mean by offering a certain number of bills for tender?

7572. Yes; fixed amounts?—No, I have no decided opinion; I do not know that my attention has ever been especially called to it.

7573. When you were in India, had you ever reason to complain of the large amount of money kept here in London, in balance?—No, I think not.

7574. You know, as a matter of fact, that the amount is very large?—Yes, there is a large balance at present, I think.

7575. There is a question just now exciting a good deal of attention, and that is the connection of the Government of India with the Presidency banks of India. Have you any opinion to offer to the Committee on that subject, as to the expediency of the continuance of the connection, or the reverse?—I think in my time the advantages of that connection rather preponderated, for we had to introduce a system of paper currency, we had to abolish the old cumbrous system of escorting treasure about the country, and I should say that then the advantages of the connection preponderated over the disadvantages. Whether the circumstances have changed materially now, or whether there is that multiplication of banks that without any direct connection of the Government with any one of them you could get all your objects attained, I am not quite prepared to say, but my own impression is, that where you issue a paper currency through the agency of the bank, some sort of connection like that between the Government here and the Bank of England is, on the whole, desirable.

7576 Not only desirable, but almost absolutely necessary, is it not; how is the work of a great Government to be carried on without some sort of connection like that of the Bank of England here with the Government?—I suppose it would be possible to get other banks to undertake it now, but I do not think it would be desirable.

7577. With that feeling of security which you think now attaches to the operations of the Bank of Bengal you would not think such a change desirable?—I think it would be undesirable to make a change; it would cause a shock and would unsettle people's minds for a time, and it is always a great pity to do that in a country like India without a great object to be gained.

7578. In what manner would it be possible to manage the issue department of the notes in circulation of the Government of India, except through the medium of a bank?—It would be very difficult and inconvenient to do it without using the agency of a bank; but I suppose it is possible to do it, to dissolve all connections with the Bank of Bengal, and advertise for tenders; and then the Bank of Bengal might get it in their private capacity, or the Oriental Bank, or some other bank might undertake to do it, and make arrangements, but I do not see any advantage to result from that which would at all counterbalance the disadvantage, as I say, of unsettling people's minds. I think that the fewer changes you make the more conservative you are in a country like India, unless for some clear and important object the better.

7579. You are aware of course that the circumstances connected with the Bombay bank have

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led Parliament to the expression of an opinion that the continuance of the connection of the Government with the local banks is undesirable?—Yes.

7580. Do you share that opinion?—No; I think that the advantages of the connection with the banks, on the whole, outweigh the disadvantage; and with proper precautions and after the warning afforded by the case of the Bank of Bombay, I do not see how the Government are likely to sustain any great inconvenience.

7581. Mr. *Eastwick.*] I suppose you would not be of opinion that the connection of the Government with the banks should go so far as to have Government directors or that the Government should hold a large portion of the shares in them?—No; that is a different question; I do not know that there is any necessity or advantage in their holding shares or having more connection than you have between the Government and the Bank of England here.

7582. With regard to the railways something was said about the price of coal rising, and the western railways being dependent on coal from England; but is it not likely that the coal which has been discovered in the Central Provinces and elsewhere, may be made available for these railways?—Well, I should hope so; I should think there is a fair chance of it from the reports I have read, but I do not know anything of that beyond what I gather from reports.

7583. We have had some discussion about the opening of the Central Provinces to the sea by the Godavery River and the canals there; do you look upon that as a valuable undertaking?—Yes; I think it is a question there mainly of the reliance you can place upon the engineering estimates. Can you be quite sure you will attain the object, and if so, at what cost. If you are sure that you can attain the object, and attain it at a moderate cost, I should think it would be a great benefit to the country.

7584. Have you considered at all what is the reason of the sudden stop in the receipts of the railways in India, which seem rather to have gone down?—No, I am not aware of any very special reason; to a certain extent, on the East Indian Peninsula line leading down to Bombay, the diminution in the quantity of cotton going down might account for it.

7585. It has been stated by one witness as his opinion that it would be very desirable that the Government should purchase the railways as opportunity offers; do you concur in that view?—That involves the very large question whether, in a country like India, it would be worth while trying the experiment of greatly reduced rates for the benefit of the country, even at a certain loss. I am not at all prepared to say that it is an experiment that I should recommend to be carried out; I think, from what I have heard, that the means of carrying the traffic would have to be considerably enlarged before you could hope, if you resorted to very low rates, especially for goods transport, that you would be able to carry the bulk that would be offered for transport, and, of course, unless you could carry the bulk of the goods offered for transport, the reduction of rates would result in a great loss to yourself, without any great benefit to the community; but it is a very open question; I think there is a good deal to be said on both sides.

7586. You would consider, would you not, that there are some classes in India that it is impossible to reach in the way of taxation at all; the rich Banyans, for instance?—Yes, no doubt that is so; it is one misfortune in the circumstances of India, that you cannot so readily reach the rich people by an income tax as you can in this country.

7587. You have considered, I suppose, the question as to how these classes could be reached; have you thought, for instance, of a tax on marriages?—No, I have never had occasion to consider any of these alternatives very closely, because, at the time when I was responsible for the finances of India, we met the difficulty by economy without the necessity of fresh taxes; and I think that India is now in a position in which the necessity is not sufficiently urgent to call on the Government to devise fresh taxes.

7588. Do you think, then, that if the revenue is to be placed and kept in a satisfactory condition, it is rather to be done by economy than by imposition of fresh taxes?—As I told the Committee, in my opinion there has been a practical equilibrium for the last 10 years. The annual charge of the debt has not increased; the last year of which we have completed accounts there was a large surplus; the year of which we have got the Budget, I think there might be a surplus even without the income tax, if the opium had been taken at a moderately reasonable estimate; and in that condition of things I do think it would be a pity to unsettle the native mind, and create jealousy and suspicion, by devising any taxes without a much more clear and apparent necessity than I see at present.

7589. You do not consider that there is any great danger, with regard to the opium revenue, from Persia; of course you are aware that opium is produced in Persia of a good quality, and that they are exporting it to a certain extent, and that in ancient times there was a considerably greater production of opium in some of the provinces of Persia?—I have heard that a certain quantity of opium has come from there for the last 20 years, certainly; a little came in my time, more than 10 years ago, but the quantity was small. I find there has been a steady progressive increase in the consumption of Indian opium in China going on for the last 30 years; and I know no reason to doubt that that progressive increase will continue.

7590. Supposing that there was a prospect of a very large increase of opium cultivation in Persia, that you think would be dangerous, I suppose, to our opium revenue?—Yes; but I think the case is very remote and hypothetical; and then I think that by going on the policy which I have always advocated, of a large production of opium in India at a moderate price, we might defy competition, or at any rate we could keep our own.

7591. Do you think it desirable that our paper currency should be considerably extended in India, compared with what it is now?—I think it should be left to the natural operation of supply and demand; I would not do anything to force it.

7592. Do you think it is desirable that there should be an attempt made to bring, or that the Government should determine on bringing, the coin into identity with that of England: for instance, the rupee into identity with the two-shilling piece, and introducing the sovereign?—That is a very large and difficult question. The inclination of opinion in my own mind, as I said

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just now, is to be very conservative as regards India, and make no changes, while it is in this transition state, which might excite suspicion, or alarm without a very clear advantage, or rather necessity for doing so.

7593. Sir *D. Wedderburn*.] I think you said that you did not consider that the Indian opium revenue was more precarious than that derived from any other monopoly depending upon the popular taste for some article of general consumption?—Yes.

7594. But surely this revenue has the peculiarity of being derived from a monopoly enjoyed at the expense of a foreign nation over whom we have no legitimate control?—That is so; but the demand for opium in China is a demand as constant and irresistible as the demand for gin in this country; it has existed and gone on increasing regularly for the last 30 or 40 years.

7595. I have no doubt of the steadiness of the demand; but what should we do, supposing the Chinese, by a regulation of their own, were to resolve to exclude our opium, or to develop the growth of opium within their own territory?—The consumption of Indian opium in China came into existence and developed itself to a very large quantity under that state of things when the import of opium was prohibited in China. Now that prohibition is at an end, and I do not apprehend any chance of its being renewed.

7596. I think we enforced the termination of that prohibition, but I doubt whether we should attempt to do so again, supposing that the Chinese Government were to prohibit its importation?—I believe that nearly the same quantity would be smuggled in to-morrow if the Chinese Government were to prohibit it again as is now imported under free trade; the consumer would pay more, but I think that India would get nearly the same money.

7597. On the other hand, supposing that there is a development of the growth of Chinese opium (as I believe it is rapidly developing), would not that very seriously diminish our income from opium?—There has been home-grown opium in China for a great many years. There was plenty of it in my time, 12 years ago; but if we go on the policy of keeping the supply of Indian opium pretty large and the price moderate, I do not see any likelihood that the Chinese native-grown opium would gain ground upon ours. We have not found it to be so by experience. Opium is a product of very peculiar quality; they tell me it is almost like the Bordeaux wines, that opium grown on a particular soil has a particular quality, that the Indian opium is very much adapted for the taste of the Chinese consumers, that even in the same open market they may be getting a thousand or twelve hundred rupees a chest for Indian opium when native opium is not worth more than 400 or 500 rupees a chest.

7598. That is due, is it not, to the careful supervision of the manufacture of opium, and to the fact that we allow no adulteration of it?—Yes, partly that, but it applies also to the Malwa opium on which we levy an export duty and which is not manufactured under our supervision.

7599. You have said that if India were an independent nation and had to raise a sum to meet a deficit, that sum would undoubtedly be raised, not by an income tax but by an import duty. You also added that you considered the benefit derived by India from the connection with this country, in the way of borrowing money at a cheap rate of interest, compensated India for being obliged to admit our goods at a very low rate of import duty. Did you intend that to apply to the Government merely, or to the Indian people generally?—I intended it to apply to the whole population generally.

7600. Then do you consider that the people of India benefit in any marked degree by being able to borrow money cheaply to invest in works which do not bring in any return, and the interest on which has to be paid for out of general taxation?—Yes, I think that the people of India benefit greatly by being able to raise, for instance, the 100,000,000 *l.* which has been expended on railways in India at 5 per cent, instead of paying, as Turkey and other countries have had to do, 10 per cent.

7601. But should we ever have borrowed that immense sum for India, had it not been for the cheap rate at which we were able to borrow; would it not have prevented a great deal of the extravagant expenditure upon unremunerative works, had we been obliged to pay a higher rate of interest?—Yes; but it would probably have prevented still more the wise expenditure on productive works.

7602. Again, would not a moderate import duty upon British goods tend to restore and to develop native manufactures, which have been nearly extinguished under the present system?—I do not believe much in a protectionist policy myself: at the same time, there is no doubt that if India were governed by a native Parliament, you would have a certain amount of protectionist argument for that, and it might make that view more popular.

7603. You also stated, I think, that a vigorous native public opinion was springing up in India; have you any practical suggestions to offer as to how the Government might benefit by that public opinion, as to the amount and character of the taxation necessary to be laid on to meet present difficulties?—I think that by far the most urgent demand of that native public opinion just now, is to relieve them of the income tax; and as I have said, if I were responsible for the finances of India, I would meet that public opinion by relieving them of that tax.

7604. And would you be prepared to consult that public opinion in any official manner, supposing it were practicable, as to the imposition of import duties?—No; because I do not think myself that there is any sufficient necessity for imposing import duties. I do not think public opinion in India requires import duties unless you force it on them as an alternative for the income tax. I think it would be very unwise to do so, and I would rather meet it by abolishing the income tax at a time when it seems to me that you do not require it, and when you could balance your Budget without it.

7605. And that the money now obtained by the income tax could be saved by economical administration?—It is only a question of about half a million, and certainly my belief is that if the estimates of revenue, especially opium, had not been made purposely low to justify the maintenance of the income tax, you could have met that half million without it. I believe that the actual result of the year of which we now have the estimates will show a surplus of quite the half million which is provided for by the income tax.

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7606. Mr. *Beach.*] I believe that there is a prejudice entertained in India against any new tax, is there not?—Yes.

7607. And that is less entertained against a tax, such as the land revenue which has existed for a long period?—No; that is taken as a matter of course, very much as the payment of rent in this country.

7608. Have you had the question brought before you of the redemption of the land revenue?—Yes, I have heard it considered generally; I have not had much to do with it.

7609. You do not consider it an advantageous process to redeem the land revenue of the country, do you?—No; for the Government with a view to raising revenue in future, I suppose that on the whole the best system is that of long settlements, but subject to a revision after a period such as 30 years. That is the system which has been very generally carried out there.

7610. And then generally, if the country is prosperous, there is a rise at the period of the new assessment?—Yes; you give a man a long enough settlement to make him feel like an owner, and encourage him to improve his property, but you have a break after a long period, such as 30 years, when the State may benefit by an increased rental.

7611. Where the land revenue has been redeemed, that should properly have been carried to capital, should it not, and not brought into the year's expenditure?—Yes; that would be so if it were redeemed on anything like a large scale.

7612. There has been some redeemed, which has been brought from time to time into the annual expenditure of the country in former years, has there not?—Yes, I should think it probable that there has, but the amounts have been small.

7613. There has been no authoritative expression of opinion to prevent the redemption of the land tax up to the present time, has there?—I may perhaps be excused answering; I have not had occasion to look very minutely into the existing aspect of the land question.

7614. Is there much pressure upon the Central Government for money to be advanced for works in each separate presidency?—Yes; no doubt each separate presidency wants to get as much money as it can to spend on works of improvement, which has been met to a great extent now by assigning them certain sums, and letting them make their own local budget, and spend their money in their own way.

7615. It is necessary to keep up a considerable staff in each locality to execute these works, is it not?—Yes.

7616. Does the existence of that staff, do you think, render them more ready to spend money; that is to say, does it render them anxious to employ the staff which is kept up, and make them therefore spend more money than they would do otherwise?—No, I should doubt that; I think, hitherto, perhaps, the difficulty has been the other way, that the staff have been limited, even to carry out the works which have been undertaken; therefore there has been no want of employment for the officials, especially the higher officials who might have influence, and they have had no motive to multiply work in order to find employment for them. I think it is much more the natural desire of improvement in the country; that every Chief Commissioner in his own district naturally wants to see it go a-head and prosper; wants roads and improvements made, and therefore wants to get as much money as he can to make them.

7617. Do you approve of the system of keeping a different head of expenditure under the head of extraordinary works?—Yes.

7618. Does it not form rather a plausible excuse for borrowing?—Yes, but I advocate borrowing for extraordinary works, so that it be to a moderate extent, and for works of really national importance.

7619. But, under the head of extraordinary works, there is rather a tendency, is there not, to exclude those from the expenditure of the year, because it would be easy to borrow money to provide for them?—Wherever you have what you may call an open capital account, there always will be a tendency to carry charges from revenue to capital account; it is the business of the men at the head of affairs to see that the line is drawn judicially, neither too far on one side nor too far on the other.

7620. Is it the duty of the Finance Minister of India to supervise that, and guard carefully against an undue amount of money being carried to the capital account?—I should say that it is the duty in the first place of the Finance Minister for the time being in India; it is the duty of the Governor General in Council to supervise him, and it is the duty of the Secretary of State here, I suppose, to supervise them all, and see that there is nothing glaringly and obviously wrong, while at the same time he does not interfere much with details.

7621. Mr. *R. Fowler.*] May I ask for how many years the Chinese have cultivated opium?—Well, I only know this, that when I was in India 12 years ago, our people were just returning from the expedition to China, that during the war some of them had been in the country, and that above Hankow they saw large fields of poppy growing, and that on inquiries which I made then of persons who had been practically connected with the opium trade, they told me that there had been a very considerable native growth of opium in the upper provinces of China as long as they had known anything of the trade.

7622. And it is your opinion that the Chinese never can grow enough opium for their own consumption?—Not I think of the best quality, not of the quality that they want, and for the supply of that extensive population in the coast provinces where they grow none at all.

7623. But the superiority of the Indian opium is owing to the great care taken in preparation. Would it not be possible for the Chinese to prepare it in a similar way, and have it as good as the Indian?—I believe myself that soil and climate have a great deal to do with it, climate especially; that the poppy is a sort of garden plant, and you must have settled fine weather at the time when it is coming out in flower, and then in collecting the juice. There are only comparatively few provinces even in India itself, where you could grow the poppy to any great advantage. You must have a good deal of cheap labour also in order to collect the juice in minute quantities day by day from the plant; and on the whole my impression is that India has a natural advantage over all the rest of the world.

7624. Then you think that there are no provinces in China which could produce opium in the same way as Behar or Malwa?—I doubt there being extensive provinces.

7625. The climate and the soil are not so favourable

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favourable as Indian opium producing provinces you think?—I should fancy not from all I have heard, and more especially the climate; and in fact, I have heard that it is only grown in a few parts of China. In the great valley plain above Hankow there is a great deal grown, but not in the more rocky and mountainous parts of China, or in the coarser alluvial soil towards the sea, and where the monsoons are not so regular and you are more exposed to gales of wind or rain during the flowering time of the poppy; there it is not grown.

7626. I understand your opinion to be, that owing to the great superiority of the climate and soil of India for producing opium, that is a revenue which we may safely reckon that it may increase, but that it is not likely to diminish?—Yes; I find that it has been going on steadily progressing for 30 years, and it is progressing at this day; it is theoretically possible that the Chinese might give up opium, just as it is theoretically possible that the English will give up gin; I believe that we shall see the one as soon as we see the other.

7627. Is it not the fact that the Indian Government do everything in their power to discourage the use of opium among our own subjects in India?—No, on the contrary, there are some excise establishments through which it is sold; they may view it with a certain amount of moral disapprobation, and prefer that they did not take it; beyond that they do not attempt to interfere; on the contrary, there is a large native consumption in many parts of India.

7628. But we do not push the consumption on our subjects as we do on the Chinese?—I do not know that we push it in any case, beyond producing the supply for meeting the demand; if a large demand came for opium for internal consumption in India to-morrow, it would be met; it is met through our excise or abkari establishment now; we do derive a revenue of, I suppose, 200,000 *l.* or 300,000 *l.* a year at least, from opium sold in India itself.

7629. I suppose a century ago the Chinese did without opium?—I do not know what it is, but there seems to be something in the Chinese organisation that gives them a peculiar taste for opium; in the same town like Penang or Singapore, where you have a collection of different nationalities, you will find the Malays sticking to the betel nut for their nervous stimulant, you will find the Lascars and British sailors taking arrack or rum, and you will find the whole Chinese population in the place taking opium.

7630. But it is a taste which has grown up among the Chinese in the last century, has it not?—My impression is that there has been some native cultivation of opium even for a longer date than that.

7631. I believe in Warren Hastings' time we only exported 200 chests to China?—It was little in amount, but my impression is that the use of the native drug must have existed in China for a very long time.

7632. Still in the last century it has enormously increased?—Yes.

7633. Mr. *Fawcett.*] You have quoted certain figures to show that there is not a very great increase of liability because the charge for interest on debt has not increased; you are aware, of course, that the capital of the debt has very greatly increased during the last 10 years?—I do not call it greatly increased; of course, I am aware that the capital has increased somewhat, but I look upon the indebtedness of the country as measured by the annual charge for interest.

7634. We will not quarrel about the word "greatly," but can you tell me what the debt was in 1861–62, and what it is at the present time?—In 1861 the total in India was 101,877,081 *l.*; in 1869, which is the last year given in the book before me, it is 102,866,189 *l.*, it is increased one per cent, or one million pounds in 10 years.

7635. What was it in India and what in England?—In 1861 the total in India was 71,901,000 *l.*, and in 1869 it was 71,168,000 *l.*, a small decrease; in England in 1861 it was 29,926,000 *l.*, and in 1869 it was 31,697,000 *l.*

7636. Your argument would go to show that there has been a considerable reduction in the rate of interest?—There have been reductions in the rate of interest.

7637. Of course you are aware that an Act has been passed allowing trust-money to be invested in Indian securities?—Yes.

7638. When was that Act passed?—I do not recollect.

7639. About 10 years ago was it not?—I should think so.

7640. Do not you think that that has had something to do with reducing the rate of interest?—No doubt it has.

7641. And do not you think that it has created a feeling amongst the English people and also amongst the European inhabitants of India that it to a certain degree renders England if not legally, in some way morally responsible for the debt?—Where there is no legal obligation it is always difficult to say what might be the amount of moral obligation; of course it is a very hypothetical question what we should do in the extreme case of anything happening to our Indian Empire.

7642. But if the most authoritative statement was made which possibly could be made that England considered herself in no way whatever responsible, in spite of that Act which was passed, that if we lose India to-morrow, we should not consider ourselves responsible to pay a farthing of the debt, do not you think that that would produce a great impression on the English mind, and that that statement ought to be made in the most authoritative manner possible?—No; I do not think it would. I think that the English public have invested in Indian securities because they have faith in the duration of our Indian Empire, and think that we never shall lose it, unless things are so bad here than probably Consols would not be much better.

7643. You will admit that if we are responsible for the payment of debt to the English fundholders, supposing that we lost India, the best thing would be at once to raise money upon the security of English revenue, and in that way save a considerable amount to the Indian people?—I do not think that we are responsible for that debt, certainly not legally; and whether we should be morally or not, is a question that I think could not be answered till the time came when it was put. I should doubt the advantage of what you suggest.

7644. Do not you think that one evil result of that Act being sanctioned by Parliament is to give an idea, as it were, that if not directly responsible, we are in some way indirectly responsible; and that, in consequence of that Act, it would be very much more difficult to resist the claims of the English holders of Indian debt, in

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the event of our losing India?—No; I do not believe that it would make much difference. The state of circumstances under which the default would be made on that Indian debt must be one so totally different from any now existing, that I think it impossible to say beforehand what would occur.

7645. During the year that you were Finance Minister in India can you tell me how much was raised in loans for public works; that was before the classification of public works ordinary and public works extraordinary, was it not?—During the time that I was Finance Minister there was no money raised by loans for public works; all the public works, with the exception of railways under guaranteed interest, were made out of revenue; there was a very great financial pressure then, and we were doing no more than was absolutely indispensable.

7646. In fact you stopped the public works for a time, as far as you could?—We limited them as far as we could without great damage.

7647. Are you aware that in the years in which we have borrowed money for public works, it is utterly impossible to prove from the Indian accounts that the money which has been so borrowed has been spent as capital?—No; I am not aware that it is so.

7648. Are you aware that none of the accounts in India are kept in such a way as to show precisely and accurately what is the return upon any public work?—No; I am not aware of that.

7649. You would admit, with your great commercial experience, that if you were borrowing money for public works or for purposes of capital, unless you can show that that borrowed money has been elevated to capital and not to the purposes of ordinary income, unless the accounts show that, they are absolutely worthless?—The accounts ought to show of course the fact how the money has been expended. I do not see any difficulty in the accounts being kept so as to show that.

7650. But the accounts of India do not show that; and I want to obtain your opinion, as a commercial man, whether, for instance, it is not the first thing, that you look into in examining railway accounts, and unless you could discover it from the accounts you would say that no reliance could be placed on them. If you were called upon to investigate the accounts of any railway company, if they had been borrowing year after year, one year a million, another year two millions, another year three millions, and so on, you would say, would you not, "Unless the accounts show what has been done with the borrowed money, it may happen that some portion of that money has been devoted to purposes of income, and that you have been paying dividend out of borrowed money; unless you can prove that the money so borrowed has been devoted to purposes of capital, no reliance can be placed on your accounts"?—Of course the accounts ought to show distinctly what has been charged to capital and what has been expended on capital; but as regards India, what I say is, that whatever you have done with this money, the accounts show that your debt has not increased, and, therefore, I say that for the last 10 years you have not been getting behindhand.

Tuesday, *2nd July* 1872.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Fawcett.
Mr. Beach.	Lord Edmond Fitzmaurice.
Mr. Bourke.	Mr. Robert Fowler.
Mr. Stephen Cave.	Mr. Hermon.
Mr. Charles Dalrymple.	Mr. Lyttelton.
Mr. Beckett Denison.	Mr. M'Clure.
Mr. Grant Duff.	Mr. John Benjamin Smith.
Mr. Eastwick.	Sir David Wedderburn.
Sir James Elphinstone.	Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Mr. SAMUEL LAING, re-called; and further Examined.

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7651. Mr. *Fawcett.*] I UNDERSTOOD from your evidence last time, that your figures show that the interest of the debt had only increased by 100,000 *l.* in the 10 years between 1861 and 1870, and at the same time you stated that the capital of the debt had increased in a still smaller proportion, only by about a million. How do you account for that, considering that there has been a decline in the rate of interest in India?—I think I stated that the net amount of interest payable in India had not increased at all, or only by some 20,000 *l.*, during the 10 years, not by 100,000 *l.*

7652. But the whole interest on the debt has increased by that amount, has it not?—No, I think not.

7653 Has not the interest payable in India and England?—No, I think not.

7654. Have you the figures?—The net amount of interests of all sorts and descriptions payable by India in 1870-71 is 5,499,000 *l.*; in 1862-63, it was 5,484,000 *l.*; so that there is only an increase of 15,000 *l.* a year.

7655. Then there was borrowing in some of those years between 1861 and 1870, was there not?—Yes, certain amounts were borrowed, and certain amounts were repaid, resulting in a small increase of the capital of the debt; but, owing to the reductions of interest and other causes, the net amount of interest had remained practically the same.

7656. I daresay your attention has been directed to the fact, that in India the value of the exports always greatly exceeds the value of the imports?—That is so.

7657. That may be regarded as representing the permanent position of trade between India and England?—Yes; it is the permanent position of trade, the balance being adjusted in different ways, partly by the necessity of making large payments on Government account in India, and partly through the operations of transactions between India, England, and China.

7658. At the present time the exports of India are about 52,000,000 *l.*, and they consist chiefly in useful commodities, such as cotton, jute, and other articles?—Yes.

7659. The imports into India do not exceed about 28,000,000 *l.*, and that consists partly of specie, to a very great extent of material which is purchased by the Government, of commodities which are consumed largely by the European population, and to, comparatively speaking, a very small extent of commodities consumed by the general body of the Indian people; is not that the case?—Yes, if you exclude bullion; with regard to commodities which enter into the consumption of the Indian people that is so, except piece goods and salt; those are two articles which enter largely into the consumption of the Indian people, and are largely imported.

7660. Would it not be correct to state that the difference between the value of the exports from India and the imports into India, which now amounts, I think, to the sum of about 20,000,000 *l.*, represents the tribute which India annually pays to England?—No, I think not; I should not call it a tribute where there is a balance of trade of that sort between two countries. There are many other countries which are in the same condition of exporting considerably more than they import from one particular country, and the balance of trade is adjusted either by other payments which have to be made, or by transactions through third countries, or finally by remittances of bullion.

7661. But is it not one of the best ascertained financial or economic principles, that the exports of a country must equal its imports plus its liabilities?—Of course, in the long run, a nation cannot go on exporting more than it imports and discharging its foreign liabilities without the remittances to meet the difference being made in bullion. That, in course of time, causes an accumulation of bullion in the country, which tends to enhance the price of commodities in the country, and by so doing to limit its exports and increase its imports, and so the thing comes to a condition of equilibrium.

7662. But does not this 20,000,000 *l.*, or the difference by which the value of the exports exceeds the imports, represent a certain amount of useful commodities which India is obliged to send to England in order to discharge her liabilities to that country; those liabilities consisting in part of the pensions, salaries, interest on debt, and the general cost of administering India in England. Does not that, with some accuracy, represent the price which India has to pay, either for the advantage or the disadvantage, whichever it may be considered, of English rule?—I should say that

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that India, by those large exports, pays for a great many things which are exceedingly useful and necessary to India; for instance the interest on the capital for making her railways; again, the expense of the European army for preserving order, instead of being paid entirely in India, is a considerable part of it paid in England. So I should say India has value received for the payments made in England.

7663. *Chairman.*] Will you allow me to read to you the figures which I have before me in the Statistical Abstract from 1861 to 1870. In 1867, the imports were 42,275,000 *l.* and the exports were 44,291,000 *l.*; in 1868, the imports were 47,128,000 *l.* and the exports were 51,527,000 *l.*; in 1869, the imports were 50,943,000 *l.* and the exports were 53,706,000 *l.*, and in 1870 the imports were 46,880,000 *l.* and the exports 53,513,000 *l.* You will see that instead of 20,000,000 *l.* it is nearer 2,000,000 *l.* or 3,000,000 *l.*, which is the sum payable in the way of interest on loans and other charges in this country?—The 20,000,000 *l.* was the figure given by the honourable Member for Brighton which I understood to be the balance of exports and imports of one particular year exclusive of bullion.

7664. In 1860 the imports, including bullion, 40,600,000 *l.* and the exports were 28,800,000 *l.*; in the next year there was an exact equality, 34,000,000 *l.* one way and 34,000,000 *l.* the other?—Yes. All that I meant to say was that I thought the normal state of trade in India was that there would be an excess of exports over imports, taken merely as commodities; but that had to be balanced, partly by the payment of liabilities in other countries and partly by an import of bullion; that the tendency, perhaps, formerly had been more towards a drain of bullion to the East; there were great apprehensions about that some years ago; but that now things have settled down more to the condition where that drain of bullion is reduced to very moderate proportions, the balance being adjusted by the payment of liabilities in England.

7665. Mr. *Fawcett.*] Still these figures would show that there is a very steady import of bullion into India, would they not?—Very large.

7666. *Chairman.*] For the last three years the figures are these: the imports of treasure for 1867 was 13,236,000 *l.*; for 1868 it was 11,730,000 *l.*; for 1869 it was 15,149,000 *l.*, and for 1870 it was 13,954,000 *l.*?—Yes.

7667. In 1866 it was 26,500,000 *l.*; it was 22,962,000 *l.* in 1864, and it was 20,508,000 *l.* in 1863?—Yes.

7668. Mr. *Fawcett.*] Of course it is owing to this large import of bullion that there has taken place a depreciation in the value of the precious metals in India?—It is one cause, of course, why things generally have risen so much in price throughout India.

7669. Have you made any estimate of the rise in prices that has taken place in India during the last twenty years?—I have only made, very roughly in my own mind, an estimate that, taking a population of 150,000,000 in British India, probably the rate of wages, taking them all round, may have risen, on the average, something like 25 or 30 per cent., and the price of living and of most commodities in the same proportion. I think that there is no instance that I know of, of a country on that enormous scale which has been so rapidly enriched and has made such immense improvement in material condition as India has done since the Mutiny.

7670. Have you considered at all the subject of local taxation?—Yes. At the time when I was in India and responsible for the finances, I believe that I originated, I may say, that idea of throwing part of the expenditure and giving part of the receipts to local governments, so that they might have a local budget for local objects.

7671. You suggested the idea which has been lately carried out, as to this decentralisation scheme of public works?—Yes; I think, in my speeches, in introducing the Budget at that time in India, you will find that idea laid down and recommended.

7672. Do you think that the new local taxes that are imposed under this scheme will be brought so much under public notice as the Imperial taxes which are imposed?—Possibly not in this country, but in the localities in which they are levied I should think they would.

7673. But not in this country, you think?—No; I mean it is hardly a question of large enough importance to attract attention in this country, whether a chief commissioner in some particular district levies a cess for making roads, in one way or another; it is not like a large question of income tax or taxation on imports; but in the locality itself, I take it it will attract as much attention.

7674. You probably remember two letters which you wrote, about two years since, to "The Times" on the subject of Indian Finance, in which you expressed yourself very strongly as opposed to the income tax as a tax entirely unsuited to the Indian people?—Yes.

7675. Did you not in one of those letters go so far as to say that the intuitive dislike of the Hindoos to have any inquiry into their incomes made, led some of them to commit or threaten suicide?—It made a great impression on me. I recollect that some reports were made to Lord Canning's Government at the time when I was there, and when we were considering the propriety of repealing the license duties and the income tax on small incomes below 500 rupees; there certainly were some reports which mentioned cases of suicide, which were attributed by the local authorities to excessive dislike of the income tax, or rather of the inquiries occasioned by the income tax.

7676. In those letters you made some very distinct and definite proposals as to the manner in which the financial interests of India were sacrificed to the influence of the Home Government, and you employed the significant expression (I looked and got the exact words): "The finances of India are constantly being sacrificed to the wishes of the Horse Guards, and to the exigencies of English estimates." Are you still of that opinion?—I think that they have been in past times.

7677. Then the conclusion which I draw from that expression of opinion is this, that if the finances of India are sacrificed to the exigencies of English estimates when the head of some department in England is hard pressed for money, he throws some charge on India which ought more properly to belong to England?—I think many instances of that may be found in the past. I am not prepared to say that in the Budget of the present year it is so.

7678. But still, at the time when those letters were written, you expressed that opinion as suggesting a remedy to improve the financial position of India; and therefore you supposed that up to that time the finances of India had been more or less

less frequently sacrificed to the wishes of the Horse Guards and the exigencies of the English estimates. Could you give me any instances of this sacrifice?—Of course that was notoriously the case to a very large extent in some of the Chinese wars. Whether it was so in the Abyssinian war, I am not prepared to say, for I have not looked closely into the accounts; but if anything was charged to India for the Abyssinian war, I should say that that was another instance of it. Again, of course it is a matter of opinion of mine, but I think that the amalgamation of the local European army with the Queen's army was forced on India, against the opinion of the majority of the local authorities connected with India. I think it was a measure forced from England on India, and I am inclined to think that it was a cause of increased expense. But these are matters of history now, and they are matters of opinion on my part.

7679. But still I suppose we have introduced no change of system, or anything which will prevent the occurrence in the future of that which has happened in the past, with regard to the finances of India being sacrificed in this way to the exigencies of English estimates?—I think so. I think that the growth of public opinion in India has been a very efficient check upon anything of the sort being done.

7680. But what you want to check that is, is it not, the growth of a healthy public opinion in England towards India?—Of course, if you have a healthy public opinion in both countries, so much the better; but I think from the proximity of India to England now, and the close relations into which so many people are thrown by the multiplication of railways and the increase of trade, you are much more likely to have a healthy public opinion on that subject in England. I think it would be much more difficult, for instance, to have charged half the cost of the Abyssinian war to India, than it was to charge half the cost of some of the Chinese wars to India.

7681. Do you recollect one instance of this sacrifice of India to England; do you recollect the transactions connected with the Alexandria and Malta Telegraph?—Yes, I think I do; I recollect a guarantee being given for that telegraph, a guarantee jointly, I think, by India and England.

7682. But the result of that was, that India was made to bear a portion of the expense of this undertaking against the remonstrance of those who represented her?—I think so, but I have rather a vague recollection of the particular circumstances just now.

7683. But is there not a danger that India will be always thus unfairly treated, considering the little interest that is taken in India in England, and that the person who represents the interests of India, and who has to fight for her interests is only one of a Cabinet of 15 or 16, the remaining members of the Cabinet, of course, being axious to do that which will make them popular in England. Is not that the real danger?—I do not feel much afraid of that now, because I think that there is a very extensive and healthy public opinion on the subject. If India has any just cause of complaint, the English press discusses it fast enough. These discussions on the Indian income-tax have occupied a great many columns in all our leading English newspapers, and I think, on the whole, the tendency of public opinion of late years in England, is much more to do what is just and right towards its dependencies, and not to take any advantage of them.

7684. But that is hardly a case in point, is it; the discussion on the income-tax is simply a question of theoretical taxation on which England has no interest; but the point that I have to put to you is this; at the present time, if the interests of India and England are in conflict, if, for instance, it is a question whether India shall pay a certain charge, or whether England shall pay a certain charge, have we any greater security than we had two years since, that the interests of India will not be sacrificed to the exigencies of English estimates?—Yes, I think that you have much greater security than you had formerly, because, as I say, you have an intelligent public in England now who know enough about the matter to form a public opinion to influence the Government. I mention that case of the income-tax which formerly nobody knew or cared very much about; newspapers cannot write leading articles on subjects that nobody cares about; but now you will find that there is a sufficient amount of interest in what India considers a grievance, and agitates about, to attract attention in England.

7685. Sir *C. Wingfield.*] I wish to call your attention to your reply to Question No. 7488; the question was, "You did not rely upon the Council sitting in the India Office to take up and examine in minute detail the expenditure, with a view of suggesting any diminution of it?" and your answer was, "No, certainly not. I do not think that it made the slightest difference to us whether there was a Council or whether there was not one." The question I wish to put is this: I presume that the Government of India would know nothing of the proceedings or views of the members of the Secretary of State's Council, unless those members should chance to dissent from a measure ordered by the Secretary of State, and their dissent should be published?—That would be so; and my answer is intended to have reference only to the particular state of things when I was in India, that was a state of great pressure and emergency; the correspondence was by no means so close or intimate as it is now; and, as a matter of fact, I do not think that in those reductions any action of the Council made any difference to us.

7686. Your answer, I presume, is not at all intended to imply that there is no use in a Council, but merely that you could not distinguish between the Secretary of State and the Councillors in their communications with you?—Certainly, very far from that; on the contrary, I should say that the action of the Secretary of State, which is an important one, is to a certain extent guided and enlightened by his Council, and, therefore, if he comes to a right decision he is all the better for having had a Council.

7687. As far as the Government of India can judge, there may be complete accord between the Secretary of State and his Council?—Yes; I merely mean that in making a budget, in details of expenditure, and so on, especially where it is a matter of pressure and urgency for a time, I doubt whether you could find that the Council here could interfere much with details and suggest minute measures without doing mischief if they attempted it.

7688. Before you went to India, you no doubt had full and intimate communication with Lord Halifax, and when you arrived in India you were looked upon by the Government as the exponent

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of his views on all financial measures, were you not?—Yes, to a great extent.

7689. This, of course, gave even additional weight to your representations?—No doubt.

7690. And also, when you went to India, there was great scope for military reductions, because the military establishments were still, not entirely, but partially on the high mutiny scale?—Yes, no doubt it was so; consequently the military reductions carried out then were on a much larger scale than anything that would be possible now.

7691. You have not, I suppose, now considered minutely how far further reductions are possible?—No.

7692. You were mentioning just now, in reply to Mr. Fawcett, that in the matter of the amalgamation of the armies, if Lord Canning and the Government of India had had their way, the amalgamation would have been carried out more economically?—I think, in the first place, it would not have been carried out at all; and in the second place, admitting the necessity of its being carried out, I think it could have been carried out more economically.

7693. I think that in that case a large number of members of the Council of India recorded minutes which were strongly in accordance with the views of Lord Canning, and in favour of a local European army?—Yes.

7694 With regard to an income tax, supposing that a very high rate of incomes liable be fixed, so that it would affect only a class who at present contribute very little, the wealthy mercantile class, your objection, of course, would be very much less to such an income tax as that?—Of course the higher you make the limit, the less is the objection, because you limit the number of persons affected by it very greatly.

7695. And it would be very desirable to bring under taxation those wealthy traders who, unless they own land, really contribute scarcely anything to the public burdens?—But then the question is, if you so limit it, will you get a sufficient sum of money to make it worth while incurring the unpopularity of the tax with those who are the most influential classes.

7696. You mean that you must go low to make it draw?—Yes; as we see, for instance, in Sir Richard Temple's last Budget, where he exempts incomes below 1,000 rupees a year; the net produce of the tax is then reduced to about half-a-million.

7697. There has been a very sensible reduction of the income tax, as you have just observed, and a large number of persons have been relieved of it; but concurrently with this reduction of the income tax, local taxes have been imposed by the local governments; for instance, the education cess in Bengal, one-half of which has to be paid by the cultivator; rates on land in the North Western Provinces, Oude, and the Punjab, which will fall on all proprietors; a tax on the incomes of the non-agricultural rural classes of the Bombay Presidency, when those incomes amount to 50 rupees; so that thousands are really brought now under taxation who never paid income tax, I might say hundreds of thousands?—Yes; that may be the case.

7698. Therefore a reduction of income tax, so far from being a relief to the many, has rather been the signal for imposing new burdens upon them?—But then in the local taxation, I should think, as a general rule, they get full value for their money in local benefits.

7699. But do you think that it makes a tax more palatable to the people that it is imposed by a local instead of the Imperial Government; and do you think that the people at present sufficiently appreciate the objects on which these taxes are expended to induce them to contribute cheerfully?—I should say so; for some objects, and in some localities, certainly they do. I have known a great many instances where I have been told of the natives voluntarily acquiescing in local taxation for the object of roads or tanks for irrigation. As regards education, I am not so sure about that; I think it is very probable there that the Government may be ahead of native opinion.

7700. And is there not also this danger in local taxation, that measures affecting a particular province such as Oude or the Punjab, or the North West Provinces, where there is little or no independent European or native opinion, are much less likely to attract attention and publicity than similar measures of taxation which affect all classes of the empire?—Yes, that may be so; but my impression is that as a general rule the local taxation would only be imposed for very useful objects, and where the persons in authority, and immediately responsible for the tranquillity of their provinces have reason to believe that they would not be extremely unpopular.

7701. On the other hand, has there not been always a great desire on the part of provincial governors to signalise their administration by some great works?—By improvements, certainly; I have no doubt that is one of the incidents of our British rule in India; it is administered by a number of superior men in the different provinces, each of whom is wishing to distinguish his administration by giving an impulse to improvement and civilisation; in doing that his rule is perhaps not always so acceptable to the natives as if he were to sit still and let them go to sleep and do nothing.

7702. But is there not this danger also that in his desire to make these improvements he may be led into imposing unpopular taxes?—No doubt; and therefore each case must be judged by itself, and weighed on its own merits; you want a man of tact and discretion who knows how to draw the line between the stagnation which perhaps the natives themselves might desire, and pushing on too fast.

7703. There is a danger, is there not, that such measures of taxation are more likely to be carried through in a high-handed manner in spite of their unpopularity by a local government than would be possible in the case of measures brought to bear on the whole Empire, and in face of an enlightened public opinion in the Presidency towns?—Of course there is always some danger where you give power to local authorities of its being abused; but if in order to guard against the remote and possible danger of that power being abused you attempt to centralise everything at head-quarters in Calcutta, I believe you will run into a very much greater danger.

7704. You said in your former evidence, "If the Government of India had been left a freer hand, under the action of public opinion surrounding them in India, both European and native, my belief is (I do not know whether it is right or wrong) that some of these taxes would not have been maintained, and that they have been maintained in consequence of some pressure from home;" now I wish to ask, is it not the case that the local taxes have latterly been imposed in in the face of very strongly expressed opposition from

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from public opinion, both European and native, and that their discontent has found vent in numerous petitions addressed to the Secretary of State against the proceedings of the Government?—I am not aware that the local taxation has produced anything like general discontent. I am aware that questions have been raised in Bengal especially, under the perpetual settlement as to how far the zemindars will object to local taxation or not; but with that exception I am not aware of anything like general complaint.

7705. Are you not aware that petitions have been addressed to the Secretary of State from Calcutta, Allahabad, Bombay, and Madras against recent measures of local taxation?—Yes; but now-a-days I do not attach so much weight to petitions of that sort, because India is brought so very near to Downing-street, and there have been so many instances of reversals of decisions taken in India, that it seems to me the most natural thing in the world that anybody dissatisfied with decisions taken in India should take his chance of appealing to Downing-street.

7706. Have you not heard that Lord Mayo said, in a Minute written about a year before his death, that it was impossible to exaggerate the danger of the discontent produced by our incessant measures of taxation of late years?—I understood that to have reference more to the income tax. My own impression, right or wrong, is that the income tax in itself has caused ten times more discontent throughout India than all the local taxes put together.

7707. But the great increase of local taxation that I have referred to has only taken place within the last two years or so?—Yes; I still am of opinion, from all that I have seen of the expression of Indian public opinion, that the income tax has been by far the most unpopular, and it is the one to which most opposition is directed; and I would observe, as regards these local taxes, that if any particular tax is very unpopular in a district, many of these districts now have their own legislative councils, and their means of expressing an opinion; and that influence brought to bear upon the local government and the Governor General will, I have no doubt, secure redress for anything that is really wrong or oppressive.

7708. For instance, a tax on the incomes of the non-agricultural rural classes of 50 rupees; that goes considerably lower than an income tax ever did before?—Yes.

7709. And therefore must be felt to be still more oppressive than the income tax?—Well, I believe the circumstances of India are so extremely different in different parts that that is the great argument in favour of local taxation. Many things, which if you apply them universally throughout all India would be unsuited for a great many places, and produce much discontent, may on the other hand be very well suited for other places, and be carried out without discontent; and I think you may try a number of very useful and interesting experiments in the way of taxation on a small scale; and if you have made a mistake, you may easily remedy it, and that on the whole it will excite an amount of public opinion and agitation on these questions which, though it may be rather inconvenient to us as a governing nation, is, on the whole, very useful as a means of educating a great nation like the Indian people.

7710. Do you concur in the opinion expressed by Lord Lawrence in a Minute that the people of India are very impatient of taxation, except of the peculiar kind to which they have been accustomed?—Yes, I think so.

7711 I wish to ask you some questions on the subject of borrowing money. I observe from the Calcutta money market that the 4 per cent. loans of the Government of India are quoted at 101; might one not infer from this that money might be borrowed in India in the same way that it used formerly to be borrowed, by inviting small subscriptions to a loan at as low a rate as it now is obtained at in England?—No, I should doubt your getting any considerable amount while the rate of interest is so very low as 4 per cent.

7712. But if the 4 per cent. loan commands a premium in the Calcutta market would not that lead to the conclusion that people will lend their money at 4 per cent. or a little over?—Not necessarily; because the price in Calcutta is regulated entirely by the price in London; they know by telegraph, the same day, the quoted value of any India stock in London.

7713 You assume that it is a European market then rather than a native market?—Yes, I think so.

7714. But it would be, would it not, politically very advantageous if we could get some of our loans taken up in India, and thereby give the people an interest in the stability of our Government?—Yes; but I do not see how you are to attain the object unless by raising the rate of interest very much higher than you need otherwise. You must wait till wealth accumulates and the rate of interest has come down in other securities.

7715. Would there be any objection to try and open a loan in India as we used to do in former years, when we got money in the way of which I have spoken?—I do not know that there would be any objection, except that I do not believe you would get much money; and a financial operation which fails is always rather adverse to the credit of the Government.

7716. Mr. *Cave.*] The income tax is unpopular on account of its novelty as well as for other reasons, is it not?—I do not know that it is the novelty alone, because they have had the income tax now, since Mr. Wilson's time, for more than 10 years; at least during the greater part of that period they have had the income tax. I think it is more from the character of the orientals, who are very suspicious of anything like inquiry, and extremely jealous of any idea of ascertaining what a man's income is. That is one great reason. The other is the difficulty of working it through native officials, who are very much inclined to extort money and to work on the fears of the population.

7717. It has been stated that if, instead of being levied on individuals it was levied on communities or towns, it would involve less discontent and be more easily collected; what is your opinion on that?—Then you must leave the collection to some native committee formed in the district itself, and you have no security in that case. If the men who form the committee are good men, and liberal minded men, they may perhaps assess it better than the Government officers would do. If, on the other hand, they are disposed to favouritism, to spare themselves and their own class and relations, and have no pity for the poorer classes, it may work much more oppressively.

7718. You think that they would have too much power in their hands for good or for bad under

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under such a system?—I should be afraid of that considerably.

7719. You were talking about local cesses just now. Is it your opinion that local cesses ought to be levied for the various objects enumerated, education, roads, and so on, in those places where there has been a permanent settlement?—Yes, I think so.

7720. You think that it is something quite beyond the objects for which the permanent settlement was made?—Yes; I think that if the man who holds under a permanent settlement is in the position of an English landlord that is as good a position as he can fairly expect to be in; or an English landlord, say, with his land tax redeemed. You have no right to increase that specific assessment, but I think that he may be fairly subjected to such local rates as the landowners in England and other countries are for purely local objects from which he derives a benefit in his own locality.

7721. Especially if it is a manifest benefit to him among others in the locality?—Yes. There are many of those local objects of which it is difficult to trace the benefit home to the man; I mean it need not be for a road to his own estate, but it is enough if you make a road through the district, or if you establish a good local police and local schools; in fact very much the same class of objects as are carried out in England by local taxation.

7722. And as a matter of fact such improvements have increased the value of property, have they not in India?—I should say so, immensely.

7723. And therefore those who pay these local cesses, in addition to what is paid under the permanent settlement, are better able to pay both than they were formerly able to pay one?—Yes. It is, of course, a matter of discretion in each case; you must not carry that principle so far as to make it apparent that you are throwing on him what is purely Imperial taxation; pretty much as in this country there are certain expenses which are evidently local and paid out of local rates; and there are others which are Imperial. As long as you can draw the line pretty much as you do in this country, I think you have the right to levy that local taxation.

7724. You may, of course, levy so much that a man's daily life may be made much more intolerable, for the sake of future benefit; that you would not recommend?—You must be careful not to go too far, because the Indian public are impatient of taxation; probably, if you were to consult their wishes, they would rather stand still than pay this local taxation; therefore you must not hurry them too fast and impose this local taxation on them too rapidly, even for useful objects.

7725. That impatience of local taxation for local objects is not confined to India, is it?—No; still I fancy it is stronger in India than it is in this country.

7726. You perhaps know that in this country those local authorities are subject to the greatest unpopularity, who are the most improving in the way of drainage and other purposes, which the locality often very much requires?—These things are all questions of degree; still I think you may assume that most Indian communities would be satisfied with a less amount of those improvements than an English community would, rather than pay for them; but where an English community would rather pay and have the water or the schools, the Indian communities would rather not pay, and go without them.

7727. Now, is it the fact that the road cess falls entirely upon the ryot, half indirectly and half directly?—Of course it is always a question, where part of a tax is imposed on the landlord, how far he recoups himself in the rent.

7728. In such a case, as it is very often done in England, it is settled in the rent?—Yes; I suppose that, probably, in the long run the laws of supply and demand bring the rent up to the point that people can afford to pay, and therefore, in the long run, it falls on the tenant in paying higher rent.

7729. *Chairman.*] If he can afford it?—Yes. In Scotland, where local rates have generally been paid by the landlord, the landlord has been, I should say, a good deal more than recouped by the higher scale of rents.

7730. Mr. *Cave.*] Would you say that the expenditure, generally, throughout India has had the effect of very much increasing the prosperity of the country and the rate of wages paid for labour?—Enormously; both the scale of wages, on that immense population, and the value of property of all sorts and conditions, have risen immensely since the Mutiny.

7731. You would say that in all cases of expenditure for such purposes, whether wise or unwise, the question is one rather of degree than principle?—Yes, I think so. I think that the Government of India is very much more a question of tact and ability on the part of the men who administer it than one of the application of broad general principles.

7732. You may go so far with your improvements as to be a bankrupt before you reap any return from those improvements?—I should hardly say bankrupt financially, but you may make yourselves very unpopular in India if you go on too fast.

7733. Therefore you would say that all that is required is great care in each individual instance, so as not to go so far and so fast as to be oppressive and unpopular with the people?—Yes; I should say that we have gone on extremely well in India for the last 10 years, and that our object should be to go on pretty much as we have been going on, exercising tact and discretion, and not doing things that will be unpopular without a clear necessity for them.

7734. *Chairman.*] Do you think that the distinction, with regard to local expenditure, between India and this country consists in this, that in England the people from long habit look to the local authorities and to local opinion as responsible for what is done in their district, and for any inconvenience or taxation that they suffer; whereas in India the people hold the Government responsible for everything that happens, whether done by local authorities or not, and decline to recognise any other responsibility or authority but what they call the Government?—I should rather doubt that being the case; I think in India the tendency was rather the other way, to look to the man in authority in the district as the great man and supreme ruler; no doubt that may be diminished somewhat by the facility of intercourse by railroads with Calcutta; but even now I should think that a man in the Madras Presidency, where it is a question of local taxation, looks to the chief commissioner of his district and then to the Madras Government, quite as much as he does to the supreme Government at Calcutta.

7735. I did not use the phrase the government as representing any particular action of government;

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ment; but the view of the natives is to consider everyone engaged in the government as part of one great whole; they do not enter into the question as to whether it is a collector or a council or the Government of India, but to their mind it is the government, and they hold that government responsible; is that your view of the subject?—Of course they have not the same faculty for self-government and self-reliance as we have in England, and therefore they look more to the man at the head of affairs; I merely meant to say that they look to the local authority very much, and that a great man in the position of Lieutenant Governor or Chief Commissioner by personal intercourse with leading natives, and so on, very often induces them to accept cheerfully what might have been unpopular if forced on them in an arbitrary manner without explanation.

7736. I meant that the people in this country entirely discriminate between what are called local authorities and what is called Her Majesty's Government as regards responsibility for what is done in a district?—Yes.

7737. Mr. *Grant Duff*.] You are not under the impression, are you, that the re-imposition of the income tax by Lord Mayo's Government, or its maintenance, all this time, was in any way caused by orders from home, because something in your evidence made me think a little that you were?—I go a little upon the passage that I find in Sir Richard Temple's speech where he lays great emphasis upon the fact of the course which he takes about the income tax having the approval of the Secretary of State.

7738. Supported from home; but the initiative in all cases came from Lord Mayo's Government?—Well, I suppose so.

7739. Mr. *Beckett Denison*.] In Parliament, last year, in the discussion in the House of Lords, you are aware that the present Secretary of State for India, as well as one or two ex-Secretaries of State, did give their opinion that it was politic to keep the income tax at a low figure in times of peace, with a view to its expansion in days of necessity?—Yes, that is so.

7740. Do you share that opinion yourself?—No; I have stated that I do not. I think that there has been a tendency at home, on the whole, to take rather too desponding a view of Indian finance, and to look too much, perhaps, at applying principles which would be perfectly good at home. I do not carry it any further than that. I think that has had some weight upon the minds of men who were responsible in India for finance; and I think that all these discussions, and this public opinion, may very likely have one good result, which is that of leaving men in India free to act more on Indian opinion, in which case I do not believe the income tax would be found advisable or necessary.

7741. Do you know any other tax that could be imposed that would equally catch the European population and the wealthy capitalists among the natives?—No; I do not know any tax which you could depend upon as catching the wealthy natives. It is so very difficult, in native society, to know whether a man is wealthy or not. It is not, as it is in this country, where you know from a man's position and standing, and establishment, pretty well whether he is rich or poor. In India, you have not that clue to it.

7742. Do not you think it is of importance, when you are imposing taxation, that the European population should not be exempted from taxation?—Certainly they should not be exempted. On the other hand, I do not think it is desirable that your European community should have a feeling of soreness, as knowing that they pay the income tax correctly, while many natives who may have ten times their wealth are not paying so much as they are.

7743. *Chairman*.] Do you ascribe any political advantage to showing to the natives of India the sense of justice of the British Government in imposing a tax upon British-born subjects in India?—Yes, I think it is of the greatest importance to show that sense of justice in our rule; it should be made apparent; it is the corner stone of our whole system in India.

7744. Do you think in that point of view that the income tax, if it did not touch persons of small incomes in India, might be regarded as politic?—No; I think as long as you have an income tax it would be extremely impolitic to exempt any class of Europeans who would come under it; but I do not carry that so far as to say that you must impose a tax which is unpopular with all alike merely in order to show that Europeans bear their share of the burden.

7745. But supposing that, instead of its reaching so low as it does now in India, we had the same principle as is adopted in this country, and drew the line at the same point as we do in this country, do you think that would be a reasonable proceeding?—It would diminish the objection; but still I think a great objection would remain, because you would be getting a very minute sum indeed by a measure which, at the best, would cause a great deal of unpopularity. You still would have an inquisition into the incomes of the natives, which are very difficult to get at, and which would be unpopular, especially with the wealthy, and therefore the more influential class, and you would have a feeling of soreness and injustice on the part of your European officers, that they were made to pay fully while so many of the wealthy natives escaped with impunity. I would not do it without necessity, and I do not see the necessity.

7746. Assuming that the line were drawn as in this country at a sum which exempts all the working population and persons of small incomes, would there be any difficulty in collecting it, or in seeing that the persons of larger incomes did pay the tax; do you think that there would be any opportunity for them to escape payment?—Yes, I think it is exceedingly difficult in a country like India to know who among the natives have large incomes and who have not. In this country, as I said just now, men who have got large incomes, either have them in investments which you can reach at the fountain head, or they live in a certain style from which the assessors of the tax can conjecture more or less their income. That hardly applies to India, I have been shown men in the street in India whom I could hardly distinguish from beggars, and have been told that they were worth millions of rupees.

7747. Mr. *Hermon*.] In collecting the income-tax in India, is it done in the same manner as it is done here; that is to say, are the natives called upon to make a return of their incomes in the first instance?—That was so in the first instance when it was first imposed, and then it was found so excessively difficult and unpopular that in my time the original assessment was adhered to.

7748. Have you any idea what per-centage, so to speak, of surcharge, was made by the assessors on those returns so made by the natives?—I think

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think it was a very random proceeding. I have talked with the Commissioners in Calcutta, who were charged with levying the income-tax there where you might suppose it was easier than in the more remote country localities, and they have told me that they really had no clue at all, that it was a most haphazard proceeding.

7749. But would the assessors look upon one return out of ten as being authentic or correct?—No, I do not suppose they would.

7750. Mr. *Beach.*] We had one recommendation last year in favour of a succession duty. In your opinion, would that be a duty feasible to be levied in India?—I have never had occasion to consider a succession duty very closely. It is a question which must be decided by the authority of people who have had a very long experience of Indian manners and habits. What I say is, that as matters stand now in the finances, I do not see the necessity for any of these taxes. I think they would have a most prejudicial effect. If you are to continue any of them, I am inclined to think that the income tax as you have got it, and limited to high incomes, might be better than trying experiments; but I am very much averse to having any of them.

7751. Mr. *J. B. Smith.*] You were asked a question about the imports and exports; now the imports of a country should include specie imported as well as merchandise?—Yes.

7752. And the merchandise and specie added together make up the total amount of the import, do they not?—Yes.

7753. In the same way, the merchandise and the treasure exported make up the total amount of the exports?—Yes.

7754. Now, do you consider the difference between these two sums as a tribute paid by India to this country?—No; I said, in reply to the honourable Member for Brighton, decidedly not.

7755. Is it not the fact that England pays for everything that she receives from India in one shape or another; for instance, England supplies her with an army and navy for defence; the payment for that cannot be called a tribute, can it?—No; I think India gets value received in things which are useful and necessary for her in return for every pound of export which she sends to this country.

7756 If India was not protected by England, she would be obliged to incur a great expense in armaments for her own protection, would she not?—No doubt.

7757. And do you think that, under any circumstances, the people of India would receive a like amount of security for person and property under any other rule than under the English rule?—No; I think no country has probably ever made such rapid progress on such an enormous scale as India has done under British rule in the last 10 years.

7758. Has not that progress arisen from the safety of person and property?—Yes; the enormous increase in the value of property is owing mainly to British rule, which gives security for life and property.

7759. Then it is not just to say that because India exports a larger quantity of produce than she imports the balance is a tribute paid to the English people?—I think distinctly not; I think there is the broadest line of distinction between a balance of trade in that way and tribute, such as Holland, for instance, levied on Java.

7760. Mr. *Fawcett*] Is not the difference between a tribute and money paid in the ordinary transactions of commerce this, that if India, for instance, buys Manchester goods, it is entirely within her discretion whether she buys them or not; she buys them because she wants them; whereas a great portion of the money that she sends to England is to pay for things, whether they are for her good or not, about which she has never been consulted, and the payment is compulsory; is there not a difference between those two cases?—That must always be the case where the government of a country is not constitutional. In every government which is essentially an absolute government there must be a large expenditure for useful and necessary purposes which has not been directly sanctioned by any vote of the representatives of the people.

7761. But still the distinction that I want to draw is this: the imports, which consist of useful commodities which India imports, are goods which she purchases; they are entirely voluntary transactions on her part; the money which she sends to England to pay the expenses, for instance, of the India Office, to pay the salaries of all the clerks, to pay the interest for the guaranteed railways, all those sums are not voluntary payment; but they are payments to discharge an expenditure about which, from the circumstances of the case, she has never been consulted, and about which you do not know whether she would wish that expenditure to be incurred or not. Does not that indicate a very important difference between the two transactions?—Well, I should say that perhaps the most useful import into India is the soldier in a red coat, who keeps order and peace.

7762. That may be, but after all that is a matter of opinion; but there is this difference, the one payment is voluntary on the part of the people, and the other payment, whether for their good or not, is not a voluntary payment, but they are obliged to pay it whether they wish or not?—Yes; it amounts to this, that the Government of India is not a constitutional government administered by a House of Representatives chosen by the people; that, no doubt, is the case.

7763. Would you kindly explain what the cash balances consist of?—The cash balances consist of the aggregate of the amounts of cash in the different treasuries of India and in England; for instance, at Calcutta there will always be a large balance to the credit of the Indian Government in the bank composed mainly of remittances of taxes; at each one of the local treasuries there will generally be a certain amount in hand; taxes will have been received, but the whole will not have been remitted down to Calcutta; some will have been kept to meet local payments; in other words, you have hundreds of banks, I may say, all over the country, at each one of which you are keeping a credit balance; and the aggregate constitutes the cash balances.

7764. *Chairman*] Every collectorate has a local treasury with a local balance?—Yes.

7765. Mr. *Fawcett.*] When we see that there are 17,000,000 *l.* or 18,000,000 *l.* of cash balances, may we always be certain that all that amount exists in cash, or does it not in part consist of book entries on credit?—It used all to exist in solid rupees, and to a great extent it does so still; but as far as possible you have superseded that cumbrous and expensive process of keeping actual rupees and marching them about the country under an escort of sepoys, and you have substituted the agency of branches of the banks.

7766. But there are certain funds in India, for instance, like the Mysore Pension Fund, the

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Mizamut Fund, and the Bengal Annuity Fund; those are funds in possession of the Government; where do they exist; do they exist among the cash balances?—No.

7767. Where do they exist?—They exist as part of the national debt or liability of the Government

7768. *Chairman.*] That is, you mean, as book debt, or debtor and creditor debt, in which the Government is either a debtor or a creditor?—Yes.

7769. Mr. *Fawcett.*] When you say that the capital of the debt of India for any particular year is a certain amount, say 101,000,000 *l.*, that does not include these funds, and which represent liabilities?—The figures which I gave you for interest include the interest upon all those funds in the hands of the Government as well as the National Debt proper.

7770. But I want to know whether I can find in the accounts of India where these amounts are, because they ought to be put down in some form or another as floating debt?—I cannot be quite sure where you will find them.

7771. When these funds came into the possession of the Government, as far as I understand, they really represented borrowed money, and they were spent as an ordinary source of the income, and put down as miscellaneous receipts, were they not?—The Government of India is very much in the position of an insurance company. As long as the service goes on, there are contributions coming in and fresh members entering and making payments on the one hand, while you are paying out your pensions and allowances on the other; so that the one about balances the other. But, of course, if the Government of India were to come to an absolute liquidation, there would be that money to find.

7772. Would it not represent the financial position of India more accurately, and be more prudent, if the funds which so came into the possession of the Government had, instead of being spent, been invested as representing property and not income?—No; they are a charge on the State; they are part of the national indebtedness, and whether they exist in the form of a book-debt, or whether you create so much National Debt and lock it up in a box against them does not make very much difference.

7773. Then you have the interest in that case?—You charge the interest in either case.

7774. Did I rightly understand you to say that wages had risen about 25 or 30 per cent. during the last 20 years in India, and that general prices had risen in the same proportion?—Yes; that is a vague estimate, but it is the estimate which I have made.

7775. If wages rise 25 per cent. and general prices rise in exactly the same proportion, it is manifest, is it not, that the labourers are in exactly the same position as they were before; they have 25 per cent. more money, and they have to pay 25 per cent. more for everything that they buy?—It does not follow that all the articles on which the labourer spends his money have risen the 25 per cent. I say that property and many commodities, saleable produce, have risen in that proportion; agricultural produce, for instance, having risen, and the great bulk of the peasantry of India being ryots, cultivators, and having produce to sell, it tells in their favour.

7776. But you did not wish to convey the idea then that the price of everything had risen 25 per cent.?—No; not of everything. I think that they are very much better off on the whole.

7777. Mr. *Cave.*] The price of imported goods, I suppose, has fallen, has it not?—Of many goods, clothing and many of the articles of consumption. The only thing that affects them much perhaps, is this, that there may be a rise in the average of years in the price of rice, but not much in the other articles of their consumption.

7778. As to tribute, would you not define tribute to be money exacted by one country from another, and spent by the country which receives it for its own purposes, without regard to the country from which it comes?—Yes; no equivalent being given. That is the distinction I should draw, the money being sent without any equivalent given In the case of India, I say that for every pound of money an equivalent is given in some form or another.

7779. You would say that there is nothing analogous to that definition in the money paid by India to England?—I should say nothing.

7780 Mr *Eastwick.*] Although no tribute is paid from India to England there is an immense revenue derived by England from India, is there not, in various ways. For instance, we support 70,000 of our soldiers there, an immense sum is brought home by people who come with large fortunes, and there are great private remittances every year which, I suppose, do not come into this account, from officers, and soldiers, and civilians, and merchants also, sending home money for their families All that should be taken in, should it not?—Yes; I do not mean to say that England does not benefit by the connection with India, as well as India herself; but that is really similar to what takes place with China and other countries; we equally have private individuals there making money and having remittances sent home.

7781. Not to the same extent?—No, not quite to the same extent,

7782. We have not a great army supported in, China?—You have not many large fortunes made in India, in our days, by Europeans.

7783. But you had formerly?—Yes, by a limited number.

7784. Mr. *Cave.*] I suppose you would say that there is value received for everything that is sent to England?—I think so, as shown in the prosperity of the country.

7785. *Chairman*] Is not India, practically, in the position relative to England, of any country which has borrowed large capital in this country, on which she has, annually, to pay a very considerable sum for interest?—Yes; in that sense there is hardly a nation in the world that does not pay tribute to us in interest for money borrowed here.

Major General Richard Strachey, R.E., re-called; and further Examined.

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7786. *Chairman.*] Do you desire to offer any further explanation with reference to the orders of the Secretary of State regarding the Godavery works?—I wish to make an addition to what I said before. As far as it went what I said was quite correct, from my point of view; and the orders which the Secretary of State gave in reply to that Despatch of the Government of India that

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was read before the Committee, were correctly stated by me; but I have since ascertained that subsequently, on a further representation made from India by the late Lord Mayo, the Secretary of State directed that the whole of the works should be absolutely stopped.

7787. Mr. *J. B. Smith.*] I wish to call your attention to the mode in which the accounts of the public works are kept in India. There appears to have been no precise classification in the expenditure of public works in the past. Is there any definite plan on which those accounts are kept at present?—I think that you have a little misunderstood what I have said regarding the system of keeping the accounts of the Public Works Department. The whole of the expenditure, as it occurs, is classified in detail, in such a way as to show precisely what is the nature of each work on which it takes place. It may be perfectly true that this classification does not altogether meet the requirements that you think should be met; and so far I should agree with you; but I have already explained the general nature of my own opinions on that subject; and I am prepared to explain more fully, if desired, the sort of account which, I think, should be kept of the extraordinary expenditure, that is, of the expenditure of the money which is specially raised by loan for public works. That I gather was what you intended to ask.

7788 Do I rightly understand you to say that you would approve of this, that the public works accounts, embracing repairs of works, or new unproductive works or buildings, should be paid for exclusively out of revenue?—That is the system at present; they are so paid for.

7789. Then there is another class of works; how would you class public works which ought to be paid for out of revenue, but for which it is necessary to borrow for the purpose of immediate completion, such as barracks?—First, I should say that the Government of India, in its last phase, does not admit the propriety of borrowing for such purposes; I mean since 1865 or 1866. In 1864 or 1865 (I think I mentioned this before), when it was determined to reconstruct the barracks for the European troops it was thought that the expenditure would be so heavy that it would be impossible to meet it from the revenues, and then the Government determined that it would be reasonable, in the same way that a large sum was borrowed for fortifications in England, to borrow for barracks in India. On those terms the expenditure went on, I think, for two years; but during that time the objections to such a system were discussed, and strongly pointed out, and it ended by Sir Stafford Northcote determining that it should be dropped, and that money should not be borrowed for these purposes. The Government of India, on further consideration, entirely agreed with Sir Stafford Northcote as to the propriety of his decision, and they declared that they were ready to limit the expenditure on barracks to the sum that could be provided from the revenue of the year; and that has been done ever since.

7790. And that has been paid for out of the public revenue?—Yes.

7791. Then as regards reproductive works, I understood you to say that you quite approved of the principle that they should be made out of loans, out of borrowed money?—Yes, certainly.

7792. And that they should be provided for in a similar way to public works in England. Take the docks at Liverpool, for instance; those have been made entirely out of borrowed money, and the Dock Board have from time to time borrowed money to pay the interest upon their loans, as well as money to complete the works; and when the works were completed, then the revenues arising from those docks were first appropriated to the payment of interest, and after that to the extinction of the debt. Is that the plan you are going upon in India?—Within certain limits, I think it is. But if you compare the position of a company or a corporation, and that of a government, particularly a government situated like that of India, there is a great deal of difference between them. I entirely admit not only the propriety, but the necessity, of carrying out great public works with borrowed money. As I said before, you require capital to be laid out upon those works; and capital means accumulated income. You cannot get what is necessary from the income of the year for certain classes of works, the thing is physically impossible, and therefore it is necessary for this class of works of improvement to borrow money, if they are to be constructed at all But when you refer to borrowing money to pay interest, I think that there the position of the government becomes somewhat different from that of a trust for carrying out some special object. There is always great danger in the transactions of a government, on account of their being so extremely multifarious, that from some want of precision, or accuracy, or care, or whatever you please to term it, the funds which were originally intended to be applied wholly to works of permanent improvement may get applied to something else which is not such a work; and hence it is necessary to guard much more strictly the operations of a government in borrowing money for such purposes than it would be to guard the operations of a trust, or a body specially formed to carry out some single special object. Therefore the policy that the Government of India has adopted (and so far as I can see it is a prudent and wise policy) is this: they have said we will always so arrange our borrowing transactions that the interest upon our debt shall be met from the revenues of the year. That will, to a certain extent at all events, lead to a natural check upon the growth of the debt.

7793. Do not you think that there should be a separate account kept of every work which is called a reproductive work, and that this account should from time to time be debited with the interest, and that the returns from those works should be appropriated to the payment of the interest upon the capital?—That I entirely concur in, and I think I have intimated before that such was my opinion. In that opinion the late Lord Mayo quite concurred; and I believe he would have tried to establish such a system, under which the whole of the returns of new works should be devoted exclusively, first to paying the interest on the borrowed capital, and then to discharging that capital.

7794. And would not the keeping of such an account prevent the mistakes that you speak of, of applying loans to objects improperly?—Yes, and not only would it prevent accidents of that description, but it would give the public confidence in the operations of the Government, which I look upon as equally important. The Government cannot continue to go to the public for money for public works, if it expects to maintain its credit at all events, unless it can show in a thoroughly satisfactory way what has become of the money formerly borrowed.

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7795. *Chairman.*] Can you say, from your own knowledge of the Department of Works, whether separate ledger accounts are kept in that department for each specific undertaking, which is of magnitude enough to have a distinctive name, and not to pass under the name of Miscellaneous?—Yes, separate accounts are kept, though not yet in a satisfactory form everywhere; I would explain that the Government of India has for many years past insisted upon the necessity for such accounts; but it has been extremely difficult to get them actually drawn out; in the case of those works which are more specifically under the Government of India, and over the management of which the Government of India has really an efficient control, I refer particularly to the canals in the North Western Provinces and Punjab, we have these accounts; but when we turn to the irrigation works in Madras, which are managed under the Madras Government, and which are not directly under the influence of the Government of India, it is not the case; and all that the Government of India can do is to write letters to the Madras Government, and point out what they want; up to the present time they have not succeeded in getting what they wanted.

7796. So that if you write they cannot give you a transcript merely of their ledger account, showing the whole receipt of revenue and the expenditure?—No, they cannot. One of the things that I was most earnestly striving for during the last four or five years that I was in India was to get these matters put on a proper footing.

7797. You had not succeeded in that when you left?—No; and the last reports received by the Secretary of State, in reply to the call made by this Committee last year, will show that the Government is not in a position to give the accounts; the accounts are given in a tolerably satisfactory shape for the North West Provinces and Punjab, but they are not given for Madras and Bombay.

7798. Mr. *J. B. Smith.*] Should not the Government of India insist on the accounts being kept in all the provinces in this way?—Certainly, it should, and, as I have said, it does insist, and goes on insisting.

7799. Has it no power to enforce that?—I am afraid that all I can say about the power of the Government of India is what I said before, if its orders are not obeyed, what can it do? I do not know.

7800. It appears that the public works in India are more costly, perhaps, than in any other country, and this arises from too many works being on hand at the same time; is not that the case?—No, I do not think that this can be said with any truth, I think that so far as work is more costly in India than it is in England, it is merely that certain classes of materials are more costly; for instance, taking our railways, the whole of the iron, before it is put in the railways, costs about double what it does here.

7801. I speak not of railways, but of other public works, is it not the case with reference to them?—Other public works are much cheaper, not dearer.

7802. Does it not add much to the cost of a public work when it is 30 years in the course of construction and the work may be done in three years?—It may or may not; it depends on the nature of the work; for instance, if we have an irrigation canal, and we could instantly create it by some wonderful power which we might possess, and if we also had at the same moment to pay for it the full amount of its cost, the whole of the capital, or the greater part of that capital would necessarily remain unproductive until the people who had to make use of this work had learned how to do so had prepared their land for making use of it, and so forth; and, therefore, experience in India tends to this, that it is not advisable to force on works of that sort too rapidly; that it is much better to take any scheme up by degrees, and to carry it out, and to extend it by degrees, so that as the more intelligent part of the community find the advantage of what has been provided, have ascertained what the advantages are, and have begun to use them, you gradually complete or extend and increase the power, so to speak, of your work, and expend more money, and so you keep up with the demand for the useful object, whatever it is, as that demand increases.

7803. Has it not been the case that a number of works have been undertaken by the Government of various kinds, and that there is every year an appropriation to certain works, and that appropriation depends upon the state of the revenue?—Yes, as regards the works provided for from revenue.

7804. Then the consequence is that if the revenue is deficient some of these works have to wait till the revenue is sufficient to go on with them?—Quite so.

7805. Is not that a great evil; does it not render the works very costly when they are suspended for a time and begun again?—I think not; it is not that the work is suspended absolutely; take for instance a road, if you are making a road between Calcutta and Peshawur, the whole distance may be 2,000 miles; you begin and make 200 miles first, and then 100 more, and then 100 more, but every mile of that road as it is completed is useful so far as it goes; if you were to begin working on the whole 2,000 miles of road, and had it all useless until the whole was completed, what you say would be true, but that is not the case.

7806 I know a case in which a grant was made by the Government for a certain work, and that grant was suddenly withdrawn, and the men were dismissed that were engaged in it; and very shortly afterwards the Government renewed the grant, and the men had to be re-engaged, with an advance of 20 per cent of wages; does not that support the view which I put to you?—That circumstances of that sort have occurred, I do not deny, but I think that they are the exception and not at all the rule

7807. Is it not desirable that when a work is decided on, it should be completed with as little delay as possible, for the sake of economy?—Yes, certainly

7808. And therefore it is not wise on the part of the Government to engage in a great number of works at the same time?—Certainly; that is perfectly true; and that view I mentioned myself, that what you speak of was one of the defects of the system under which work has been carried out in India, and a defect of which the Government was thoroughly sensible, and which they have tried to remedy as far as they could.

7809. Now, I wish to call your attention to the returns of railway traffic; I see by the return of the railways for the years 1869-70, the gross passenger traffic of all the railways amounted to 1,924,000 *l.*, and of the goods to 4,149,000 *l.* Now we will take the passengers to have paid themselves; the traffic has paid for the passengers,

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has it not?—In many cases they have much more than paid for themselves; we have the actual figures, and we know that there is a large profit got from the passenger traffic; that is to say, on some of the railways; on some of them it is extremely small.

7810. I am speaking of the total which I have got from the books?—But you will mark, if you please, that I do not pin my faith to the books. One of the things which I have mentioned already in this room is that the system under which the returns of these railways are published is extremely defective, and that they do not show in a satisfactory and intelligible form the results of of the working of the railways.

7811. Then how are we to form any opinion if these reports are not to be depended on?—I do not say that the figures that are found in the books as exhibiting the receipts from the traffic are not correct, but that the comparisons between the actual receipts and the cost of working, are not put forward in such a way as to admit of any one (I mean unless they take up the question in a totally different way from what nine people out of ten would) ascertaining from these figures what the real effective operation of the railways is.

7812. Taking the goods to have produced 4,149,000 *l.* gross, and the expenditure to be 54 per cent., there is a net profit of 1,909,000 *l.*; I am assuming that the passengers paid for themselves?—But you must not merely assume that.

7813. Will you tell me what the profit on the passengers is?—On the East India Railway the average number of passengers in a train is 205; the receipt from them is 6 *s.* 6½ *d.* per mile, and the cost of working 3 *s.* 8½ *d.* per mile, showing a profit per mile of 2 *s.* 10 *d.* on 205 passengers; this gives a profit of 0·165 *d.* per passenger per mile; the average receipt per passenger per mile being 0·382 *d.*; on the Madras Railway the average profit is 0·202 *d.* per passenger per mile. The figures, as I repeat in any of the published returns, are not presented to the public in such a way as really to show the actual results of the working; but they can be obtained.

7814. *Chairman.*] After a fashion, that is to say?—No, based upon the actual results. I do not like to do it from memory, because it is unsafe, but we can do as follows: I can ascertain what is the average number of passengers that travel in a train on every railway in India; what is the average weight of the goods that is carried in a train; and what is the sum received from an average train on the one hand, and the sum spent on moving it on the other.

7815. Mr. *J. B. Smith.*] We have that all in the returns before us, have we not?—No, I think not. You will not find those results; you will find the total quantity of goods paid for, but the total quantity of goods paid for does not properly show what is the actual work done by the railway. In those figures you will see that the goods traffic amounts to so many million tons; but the question arises, is that so many million tons carried one mile, or so million tons carried a thousand miles; and in the same way if you see so many million passengers, does that mean so many million passengers carried one mile, or a thousand miles; you can predicate nothing from the mere fact that so many tons, or so many passengers, have been paid for. It is absolutely essential, and whoever knows anything about railway traffic will assent to the truth of this assertion, to have before us the ton mileage and the passenger mileage.

7816. It states here the average per ton per mile, does it not?—That is the number of tons per mile of railway opened; but that is a totally different thing from the number of tons carried one mile upon the railway. The expense of the working depends upon the number of trains and the distances that the trains run.

7817. *Chairman.*] Our railway accounts are not like the French, reduced to that mathematical precision that they will show the number of tons conveyed one mile, and the number conveyed a hundred miles?—They are now. That is one of the things which has at last been accomplished after infinite perseverance and worrying; they are not in the book, but I have got them, and by the assistance of those figures I can give you the facts, which are of a surprising nature.

7818. I will put it thus to you; supposing you had got all that, the distribution charge relatively to passengers and goods does not in any come to more than a hypothetical distribution; you cannot separate the cost of a station and the cost of the establishment at that station accurately between goods and passengers; it is all arguing in a circle?—There is a certain amount of assumption so far; but you can satisfactorily compare the working of one railway against another.

7819. You can compare any two railways if you take the same standard, but if you take any railway and argue in a circle, and make the stations and porterage part of the whole charge, and then allocate it, and then go round in a circle, you cannot allocate the use of the station and the porters and the clerks between goods and passengers, except by taking a per-centage, and saying, that passengers at that station have earned 1,000 *l.*, and goods 3,000 *l.*, and therefore 25 per cent. belongs to passengers, and 75 per cent belongs to goods. You cannot enter into a calculation whether four porters at a station would exist if there were no goods, or how many hours a clerk or a porter is used for one purpose or another, because it is all mixed up with the question, that if there were only one passenger perhaps the whole establishment would be required?—There is no doubt that all such calculations are within certain limits hypothetical; but after all, the object of these comparisons is to obtain a standard of comparison, by aid of which to endeavour to work up to the best worked line, and where you have therefore a number of railways in operation, you pick out the one which shows the best results, and you compare all the others with this best one, and bring them into competition one with another, and you say, if this railway can work so cheaply, why cannot you do it also?

7820. That is what the Royal Commission on Railways recommended, that the elements of all calculations should be prescribed in identical terms, and that the comparisons should be just, which they were not in any railway, because we found that the elements of calculations were assumed and taken to be on a different basis in every railway in the country?—But as I before said, for the Indian railways we have at last got the accounts into that form in which all the elements of charge are classified in an identical way for every railway, so that the system of classification of the results is the same for all. I do not mean to assert that, when we say that it has cost so much to carry a ton of goods a mile we are precisely

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precisely and critically correct, but we are very fairly correct, and when comparing one railway with another, there is no reason for an increase of cost appearing in one over the other, from any difference of system in recording the receipts and charges.

7821. Is not it the case, that in some railways all the haulage done by the railway is taken into account for the revenue, and in other railways not?—Yes; but by the new system we have after much trouble and opposition, got the accounts into a uniform shape.

7822. In the same way as regards shunting, is it not the case that by some railway companies the number of hours which the engine is so employed, is reduced into mileage, as representing a certain mileage work, and that in other cases it is not taken at all into account; while in others it is taken into account upon a different basis?—Yes; but we in India have prescribed exact rules for the whole of those things now. The miles run by trains are put down; the miles run by engines assisting the shunting are put down as so many hours of shunting, and so forth. The whole of these things have been carefully gone into in detail, and precise rules have been laid down.

7823. Mr. *J. B. Smith.*] This is the Report on Railways in India for 1870-71; it says, "The merchandise carried amounted to 2,633,687 tons, exclusive of coal, coke, and minerals, of which there were 801,582 tons. According to the returns furnished from India, by the several companies, the average distance run by each train with goods would be 144, with minerals, 51 miles. The average amount paid for each ton of merchandise would be 1 *l.* 5 *s.*, and of minerals, 6 *s.* 7 *d.* Thus the average amount paid for each ton of merchandise per mile would be 2·08 *d.*, and for each ton of minerals, 1·5 *d.*?—I suppose that is right.

7824. *Chairman.*] That would include the terminal charges?—Everything; the actual charge to the user of the railway.

7825. That is converting terminal charges into a mileage rate, is it not, really?—No, I think not.

7826. Supposing you carry goods along the railway, and you spend whatever it may be, 3 *s.* or 4 *s.* a ton in unloading them, and carting them to their destination, and collecting the money for them; you then, by this process, add this 3 *s.* or 4 *s.*, spread it over the 50 or 500 miles the goods are carried, and add it to the mileage rate?—What we are talking of now is, the cost to the customer, not the cost to the railway company; the cost to the customer, is what he pays.

7827. He pays the mileage rate plus the terminal charge; they are two different facts?—Yes.

7828. If he undertakes the whole of the terminal charges himself, the mileage rate will be so much less?—Yes; but other things being the same, the result of introducing that element into the calculation is similar on similar lines. I do not see that that necessarily leads to any misconception as to the results of the working.

7829. Mr. *J. B. Smith.*] It seems that there was paid, for carrying goods, 1,109,000 *l.*, and that is at the charge of 2 *d.* per mile to the senders of the goods?—Yes.

7830. But after all that has been paid, there is a deficiency in the year of 1,809,000 *l.*, which the Government have to pay for interest?—Yes, subject to the deductions on account of gain by exchange, which make the net charge about 1,700,000 *l.*

7831. Therefore, although the 2 *d.* a ton a mile was paid by the parties sending the goods, the Government have to pay another 2 *d.* a mile as a subsidy, to pay the interest of the railway?—Approximately that is quite true.

7832. So that the goods cost, in fact, 4 *d.* a mile, of which the Government pay 2 *d.* as a subsidy; is that so?—Well, it is true that some such sum was paid for them.

7833. Now, do you think that, if these railways were to pay their own expenses, it would be necessary to charge 4 *d.* a mile per ton for the carriage of produce?—No, obviously not, nor do I think that it would, to anything like the same extent, if the railways were properly managed.

7834. But we are taking them as they are managed at present?—I admit that, perfectly; but what I have said all along is, that the system of management is by no means perfect.

7835. The Government have to pay 2 *d.* a ton per mile, and pay as much for the carriage of the produce as the owners of the produce themselves?—The East Indian Railway covers the interest.

7836. *Chairman.*] On the whole year?—On the whole year, very nearly. You will see that your way of looking at the results of this railway traffic is different from mine. I say that mine is the right way, if you will excuse me. Under the arrangement which was made between the Government and the railway companies the Government receives an absolute profit of 2 *d.* at the present time (or very nearly 2 *d.*) on every rupee on the exchange, in accounting to the railway companies for the net receipts; and at the present time the gain by exchange on the Indian lines amounts to nearly 300,000 *l.* a year.

7837. Mr. *J. B. Smith.*] But is it not the fact, that the Government have lost that years ago?—No; but the loss by the exchange that arose in former years has been spent. They have lost that once for all, I perfectly admit, but the exchange now operates as a gain. There is no question of that at all; and it is the one financially satisfactory thing in those contracts. Under the original arrangement, for every rupee that was spent on construction the Government had to pay 2 *d.* towards the construction, for every 1 *s.* 10 *d.*, so to speak, that the companies produced and laid down in the road the Government put 2 *d.* down. Now, out of every rupee that is earned the companies get 1 *s.* 10 *d.*, and the Government gets 2 *d.*

7838. Are you aware that it was given in evidence before this Committee that the losses of the Government upon the exchange amounted to more than three millions of money, and upon that three millions of money they are losing 150,000 *l.* a year every year?—Supposing that it was borrowed they would be; but it was not borrowed, and has been a charge against the revenues year by year.

7839. They have lost 150,000 *l.* a year; they are losing 150,000 *l.* a year until that is repaid?—Not so, for there is no question of re-payment of the charge any more than there is of any of the other items of past expenditure of India. The whole of these charges that have arisen on account of the railway system, have been provided year by year from the revenues; there has been no debt created on account of them.

7840. But there has been a loss created all those years which the Government has paid out of the revenues?—Yes.

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7841. If that money had not been lost, it might have been appropriated to other public works?—That is true, it might have been; but that seems to me, as I said before to be speculative finance. It does not follow that if the money had not been spent upon railways, it would not have been spent upon something much less valuable. May I, before going on, give my own view of the general result of the charge on account of railways, comparing 1861-62 with 1872-73. It appears that if you merely take the charge for the interest under the guarantee in the year 1861-62, after having set off the net receipts against the gross interest that was paid by the Secretary of State, the net interest charge was 1,425,000 *l.* In 1872-73, the corresponding result will be 1,800,000 *l.*; showing an increase of charge of nearly 400,000 *l.* But those are not the only liabilities connected with the Government railway system. In the year 1861-62, adding all the other charges which were involved, the total charge on account of railways was 2,066,000 *l*; in 1872-73, the total charge, after having set off the gain by exchange, is only 1,666,000 *l.*; showing an improvement of very nearly 400,000 *l.* From the way in which the accounts are kept, and from the way in which the accounts are shown in the general statements of the Indian revenues and charges, these facts do not appear; you do not make the necessary allowance, and that, I say, produces an erroneous impression as to the real result of the railway policy. As a fact, at the present time in the year 1872-73, the total charge on the revenues of India in consequence of the railways, is 400,000 *l.* less than it was in 1861-62. The loss by exchange alone in 1861-62 was 420,000 *l.*, and there was 99,000 *l.* which had to be paid for land, and 121,000 *l.* had to be paid for supervision in various forms; that makes a very large sum, the whole of these amounts together being 640,000 *l.* in that year; in the year 1872-73 the corresponding amount is only 140,000 *l.*

7842. *Chairman.*] So that you must put all this altogether to ascertain the actual charge upon the Government for the two different years?—You must take it as a whole; it is not fair to pick out a little bit, and say, there is an increase here. Also it must be remarked, that at the present time there is still a considerable quantity of expenditure which represents railways in progress on which the income has not begun to come in. There is a good deal of expenditure, for instance, on parts of the Oude and Rohilcund Railway, on which no income has begun; there were only 40 miles of that line in actual operation when this last return was made out, and we have not got the benefit of the rest of the railway; and the same applies more or less to some of the expenditure on other lines.

7843. We ought to correct the account of the Scinde, Punjab, and Delhi, then in that way?—No, that has probably come up to what it will be for some years to come.

7844. Mr. *J. B. Smith.*] I want to call your attention to the Scinde, Punjab, and Delhi Railway again. You were recommending a large outlay in that country; and at our last sitting I called your attention to the last report of the Railway Department, showing that that railway had only produced 11 *s.* 6 *d.* per cent. per annum. Now, a few days ago, I saw in "The Times" a report of that railway to the 31st of December last, in which it appears that the net receipts for the half year were 20,934 *l.*, and that upon the capital pays less than the previous year; the previous year it was 11 *s.* 6 *d.* per cent., and now it is 3 *s.* per cent. for the half year. In addition to that, it states that there were damages by floods, estimated at 200,000 *l.* for the half year. Now, what I want to ask you is, whether you retain the same opinion after this experience, that it is advisable to proceed to make these railways in the Valley of the Indus, which are likely to be attended with such a loss, and also to be attended with such risks from these floods?—The line to which you have referred, which is called the Scinde, Punjab, and Delhi, consists of three parts, the line from Kurrachee to Kotri, from Moultan to Lahore, and from Lahore to Delhi. I mentioned before in my evidence, that upon the part of the line between Kurrachee and Kotri, from the peculiarities of the line, and owing to the great expense that had attended its construction (not according to my judgment at all necessary expense, but actual expense) the net return is very small, although the gross receipts are satisfactory. As I also said before, in reckoning the profits derived from a railway, you have to consider first the gross receipts; from the gross receipts you have to take the working charges, and a residue is left; then you have to compare that residue with the interest on the capital. The gross receipts I say are satisfactory; the working charges are very heavy, and the net result is almost nothing, and has to meet the interest of a very large capital outlay.

7845. What we are to look at is the net result?—But I was explaining that the conditions of the different portions of the line which goes by that name, are extremely different. Between Moultan and Lahore the country is very nearly a desert, and there is a very little population.

7846. What traffic do you expect from that desert?—I never expected any good results from that line that I am aware of, and we never had any; the line was not made on my recommendation. Between Lahore and Delhi, which is another part of the line, and under totally different circumstances, the country that is traversed is reasonably fertile and well cultivated and peopled; but unfortunately, it passes through an extremely difficult country, being traversed by the drainage from the mountains on the north.

7847. *Chairman.*] Will you allow me to call your attention to this fact, when you say you consider the gross receipts satisfactory, that the gross receipts on the Bombay and Baroda line, which is 391 miles in length, were for 1870, 493,000 *l.*, and the gross receipts for the Scinde, Punjaub, and Delhi Railway, which is 674 miles long, were 419,000 *l.*; therefore, taking it in the rough, the latter were not more than half those of the Bombay and Baroda Railway, which still does not yield anything like its guaranteed interest?—No; but I began by saying that the conditions of the various parts of the line are so totally different (they are totally different railways in reality), that it is necessary to make a distinction between them, when speaking of the returns.

7848. You mean the gross receipts of that particular section?—Yes. The income on the line between Lahore and Delhi is also satisfactory; but, as I said before, from its being crossed by the whole of this tremendous drainage from the mountains, the difficulties of construction were very considerable, the necessary first cost was considerable, and in this last year, during the rainy season of which the floods were heavier than they ever

ever have been known to be in Northern India in the memory of man, there has been a great deal of mischief done; several of the bridges were made impassable; one of them was very seriously damaged; and the result was, not merely that there is a great deal of money to pay for restoring the line, but also that the traffic was absolutely interrupted for a considerable length of time, and that while you have a very heavy bill to pay for restoration, you also at the same time, as is unfortunately natural, have a considerable diminution of the income. But I go on, further reply to the question that Mr. Smith put to me, to say that there is a great difference between these railways and the lines of railway that I support; and that I continue to think it reasonable and proper to go on with the construction of railways which we anticipate will not cost more than 6,000 *l.* a mile. The Scinde, Punjaub, and Delhi Railways, on an average, probably cost 14,000 *l.*, 15,000 *l.*, 16,000 *l.*, and some parts of them as much as 17,000 *l.* a mile; and here is the whole difference. If I were asked, do I recommend the construction of any more miles of railway to cost 16,000 *l.* or 17,000 *l.*, I say without hesitation, not an inch of such a railway; but if I can have a railway for 6,000 *l.* or less than 6,000 *l.* a mile, and through a decently peopled and decently rich country, I say certainly make it. I can undertake that a railway of that sort will pay; it will cover its expenses.

7849. Mr. *J. B. Smith.*] The difference would be this, that 16,000 *l.* a mile for a railway might not be an extravagant price, and it might pay a profit if it ran through a rich district, but 16,000 *l.* a mile for a railway through a desert would be extravagant?—It has to be considered, as was said before, that these railways were not made for the purpose of commercial profit, these railways, which were first sketched out by Lord Dalhousie, were made fully as much for military and political purposes as with any idea of their being remunerative directly. It was said, and I think with truth, it will add enormously to our power, both physical and administrative, in every way, if we can establish railways all over India; it will make whatever military force we have in the country very much more easily available; and the probability is that by having this increased facility for locomotion we shall be able to reduce the actual amount of the army. I am not prepared to say that that was not a perfectly correct view of things. Nobody who knew what India was before the railways existed, and what India is now, can hesitate for a moment in saying that the advantage which India has obtained from those railways is enormous. The way in which the whole life of the country has been stimulated, and all the energies of the country have been developed, is quite astonishing; and people sitting in London, who have never been in India, and merely look at these returns, can form no conception whatever of the real actual result railways have produced in the country.

7850. Then you would say that nothing but imperious necessity could justify such an expenditure as this upon this part of the Scinde and Punjaub Railway?—Certainly I, for one, would not recommend any similar expenditure in the future.

7851. How do you propose to provide for the payment of these railways, would you borrow money to make railways which are certain to prove unproductive?—That is the only way to make a railway; it is quite impossible to make them out of revenue.

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7852. Where is the money to come from; are you aware of the state of the revenue?—Quite. It has been stated in a letter, of the Government of India to the Secretary of State, which has, I think, been read, that the Government of India estimates the permanent charge that will probably arise on account of the construction of the line between Moultan and Kotri at about 40,000 *l* a year; and I have said, over and over again, that, so far as my personal opinion goes, I should not have advocated the immediate or early construction of that railway. Reverting again to the reduction of charge on account of railways which has taken place between 1861–62, and 1872–73, a reduction of which I said amounted to 400,000 *l.* I wish to point out that it has taken place while an expenditure on railways has taken place of no less than 55,000,000 *l.* sterling; the consequence is that, coincident with that diminution of charge, we have got the advantages, whatever they are, of 55,000,000 *l.* sterling worth of railways, and I think if you omit that fact you omit what is an essential part of the whole discussion. Whether the Government of India has not been going a little too fast is another matter; but still there is the fact, that we have got additional railways to the value of 55,000,000 *l.* sterling to show, and have notwithstanding reduced the charge on the revenues by 400,000 *l.* a year.

7853. But, assuming that it is advisable to go on opening out the country by new railways, is it prudent, in the present state of the finances, to increase our liabilities; what the Finance Minister says in his report is to the effect that the revenue has, for the last two years, depended upon windfalls, and those windfalls have been three-and-a-half millions in opium which cannot be depended upon; the surplus revenue is about a quarter of a million; but he says, in a warning voice, that the revenue does not show any elasticity, and it would be unwise to look forward to an expenditure founded on such a state of finances as now exists; what is your opinion about that?—Well, I cannot be expected to explain Sir Richard Temple's financial statement in detail, but, in a general way, I think I can understand the reasons which led him to make remarks to that effect, and they probably were simply these: that it is necessary for him so to make his estimates that the result shall, at all events, be no worse than what he has estimated, therefore his disposition is to estimate the expenditure somewhat in excess of, and the income somewhat less than the amount which in reality it is likely to be; and that when he talks of this small surplus, what he means is, that under no circumstances is there likely to be a smaller surplus than that, but that if things go on in a satisfactory way he may reasonably expect a larger one. Then, as regards his depreciation of the elasticity of the revenues, what he had to do was to defend his general scheme for the ways and means of the year; these amongst other things, included the income tax, and there was a very great opposition made to the income tax. There was a very strong party who wanted to get rid of it altogether; and he probably thought (and I should say, reasonably) that it was a fair thing for him to say that among the reasons which induced him not to give up any taxation, was what has been mentioned, the possibility, amongst other things, of the falling off in opium, and the

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comparative uncertainty of the gradual growth of the revenue in other respects. My own opinion, formed upon the actual results of the last 10 years is, that quite irrespective of additional taxation, there is a gradual growth of the revenues year by year, amounting to very little under 500,000 *l.* a year; and that, from the manner in which the expenditure has been allowed to increase for the last 10 years. that increase of resources has been eaten up year by year as it accrued. What the Government of India has aimed at by its last re-adjustment of the financial system of India, has been to put a stop to that growth of charge. Whether it will succeed or not remains to be seen.

7854. But do you think that the revenue is in so safe a state as to lead the Government to a large expenditure, which must be paid out of revenues, for railways, which is unproductive expenditure, seeing that this last year the opium revenue realised 9,000,000 *l.*, and that two years ago it only realised 6,000,000 *l.*, and may fall down to 6,000,000 *l.* again?—Of course I do not pretend to say what might happen with a falling off of a revenue like that derived from opium, which is, in reality, trade profit; it is very difficult to predict with any certainty what the result might be; and all that I can affirm, which I do most positively, is, that there has been a steady and regular increase of the opium revenue for the last 15 or 20 years, and if you judge of it, not merely taking the ups and downs of any particular single year, but taking the average, that increase has been very steady and satisfactory; and, so far as I can see there is no reason at all why we should not, under proper arrangements. maintain the opium revenue at 8,000,000 *l.* or 9,000,000 *l.*

7855. Then you would go on making unproductive railways, and take the chance of the revenue being sufficient to support it?—Certainly not. I have distinctly stated that I strongly object to making unproductive railways. You must separate me, if you please, from the actual policy which the Government of India has adopted I have said decidedly as regards that particular Indus line, what the reasons are which induced the Government to accept it, and that those reasons have not prevailed with me; but that my principle is, and that it is also the principle of the Government of India, though there may be exceptions admitted, that unproductive railways ought not to be made.

7856. Can you account for the fact that the railway traffic continues so small, do you know, for instance, whether the railways took credit as revenue for the transport of all the stores and materials for construction?—Yes, it is the custom in all railways, that the capital is charged with the cost of the transport of stores used for the purposes of capital.

7857. Then the railways themselves have been the best customers for the railways?—No, that is not an accurate statement; I do not mean to say that the actual amount paid in this way has not been considerable; but of late years it has not, and on the East Indian Railway, at the present time this source of income, so far as its own stores are concerned, hardly exists.

7858. Of course it is not now so large as it has been, because the railway being nearly completed, they carry very few materials?—Yes.

7859. Is that one reason of the traffic falling off?—The traffic is not falling off; what has happened is that the increase of traffic does not continue as it was. The net receipts, in 1861-62 were 391,000 *l.*; in 1869-70 they were 2,629,000 *l.*; in 1870-71 they were 2,557,000 *l.*; and in 1872-73 they are estimated at 2,924,000 *l.* Now there is a small falling off as between 1870-71 and 1869-70; but there is a reason for that, in the peculiar condition of Upper India after the great dearth of 1869-70. In 1869-70 there was a very great stimulus given to the grain traffic, and a great movement of grain. In 1870-71 there was considerable general commercial depression and at the same time the harvests were better, stocks were replenishing themselves, and the whole tendency was for grain to accumulate, and remain where it was; and therefore there was a sensible diminution in the grain traffic in Upper India.

7860. Do you think that agricultural produce can afford to bear a charge of 2 *d.* a ton a mile for long distances?—No, certainly not.

7861. Those are the charges at present?—The average rate, as far as my recollection goes, on goods of every description, including coal, is something less than 1½ *d.* On some of the lines is rather less than 1½ *d.*, and on others a little more.

7862. I take the railway return, which says 2·08 *d.*?—That is excluding the coals; but taking the agricultural produce proper, I mean the bulky produce, such as grain and certain things of that sort, they are carried, as far as my impression goes, at something like 1 *d.*, a trifle over, 1¼ *d.* perhaps.

7863. You will quite agree with me that it is of the highest importance to India, as an agricultural country, to possess cheap carriage?—Certainly, it is essential.

7864. It is of especial importance to have cheap carriage in the article of cotton, because India produces only about 40 pounds to 80 pounds clean cotton per acre, and she has to compete with America, which produces 300 to 400 per acre, does it not follow, therefore, that if India has to pay a larger carriage than America, she has to compete at a disadvantage?—Yes.

7865. Now, in America, the carriages of cotton 1,000 miles down the Mississippi costs an eighth of a penny a pound, which comes to 10 *s.* 5 *d.*, whilst in India, if it is carried over 500 miles at 1½ *d.* a mile, it comes to 62 *s.* 6 *d.* Then, there is another disadvantage which India labours under, and that is this: the sea freight from India to England is double that of the freight from America to England. Now, do you not think that if any means of conveying cotton at a cheaper rate could be found in India, it would be very desirable to adopt them?—There is no question of it at all.

7866. Have you ever turned your attention to the River Godavery?—Yes.

7867. That river rises in Berar, and passes 100 miles through the richest cotton districts in India?—I should not altogether accept that as a statement that ought to be allowed to pass without explanation. The Godavery, no doubt if you take it from its source, where it is a little brook as wide as this table, down to the sea, would pass through or near some of the best parts of the cotton districts; but for a great portion of its course it does not; I mean, particularly, where it becomes a river which one can talk of as giving a means of navigation.

7868. *Chairman.*] You are speaking now of where it may be regarded as a perennial river compared with a great mountain flood river?—The implication in Mr. Smith's questions is, that we

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we may convert it into a line of navigation like the Mississippi, for instance.

7869. Mr. *J. B. Smith.*] Lord Dalhousie was very strongly impressed with the importance of cheap carriage; I do not know whether you are aware of it, but he was the man who was the first to press upon the Government the importance of opening out the Godavery; were you aware of that?—I do not bear it in mind at the present moment.

7870. He stated, in his last Minute, when he was about to leave the Government of India, a curious fact, which I will read to you presently. It is the custom of the Manchester Chamber of Commerce, as the representative of the great cotton manufacturing interests of England, to send a deputation to every Governor General previous to his departure for India. Such a deputation waited upon Lord Dalhousie, and they appear to have made a great impression upon him; their object was to show to his Lordship the dangerous position in which the great cotton manufacture existed; that it was dependent on one source of supply, namely, America, and that source of supply was dependent upon slave labour; whilst we had in India one of the largest cotton growing countries in the world, a country which had grown cotton thousands of years before America was known; and they naturally said, "We wish you to turn your attention to the improved growth of cotton in India, which would be a benefit not only to India but to England;" and their representations appear to have made a great impression upon his mind, for in his last Minute he says, "The essential interest of England requires that the territory of Nagpore should pass under the British Government; for the possession of Nagpore will materially aid in supplying a want, upon the secure supply of which much of the manufacturing prosperity of England depends." That is the article of cotton, the importance of which, he says, was urged on him personally by the Chamber of Commerce at Manchester. Were you aware of that fact?—I think I was aware of that.

7871. Lord Dalhousie seeing the importance of obtaining increased supplies of cotton from India, turned his attention to Berar, which is the finest cotton growing country in India; and the next point of importance was to bring this cotton at a cheap rate to market, and inasmuch as a river ran through the whole district there, he recommended to the East India Company to open out the Godavery river; are you aware of that fact?—Yes, you have noticed it just now.

7872. What is your opinion on that question, and how is it that that river has never been opened?—I think an outline of the history of the Godavery works was read out by the Chairman to the Committee a day or two ago from a Despatch of the Government of India; but I may repeat that the general position, as I understand, is something of this sort: that it had been represented that the rendering of the Godavery navigable from the cotton districts down to the sea would cost, say, 200,000 *l.*, that in the light of that assertion the scheme seemed to be a very excellent idea, and it was accepted by a great many people; and supposing that the assertion had been true, I think that the justification of the scheme would have been complete; but unfortunately, as a fact, we have spent 750,000 *l.* or thereabouts, and we have not completed the scheme, and to produce even an approximately satisfactory result in a tangible shape, it now appears that we must spend at least a million altogether. Then the question arose, which has recently been discussed between the Government of India and the Secretary of State, whether under these circumstances it was expedient to go on with this scheme, and the conclusion that they have come to is, that they will not go on with it, and it has been stopped.

7873. Now we will suppose that the opening out of the Godavery, on the whole, will cost a million of money, it would give 500 miles of navigation, would it not?—That sum will complete the works at the second barrier, and will provide a road to Chanda, which is in the southern part of the Nagpore district. The land near Chanda is to a great extent unreclaimed jungle; the cultivated portion of Nagpore hardly comes down to Chanda; one may say that the cotton district is entirely north of that place.

7874. We will suppose that it cost 2,500 *l.* a mile, would it not be more desirable to try to make that river navigable, which would enable you to bring traffic at a very small cost, rather than to make a railway through a desert which produces nothing?—Well, although I am not a very strong advocate for making railways through deserts, still I may reply to your question by saying that the particular line to which, no doubt, you are referring, that between Moultan and Kotri, does not traverse altogether a desert, and that it is not undertaken on commercial grounds, but avowedly on military and political grounds.

7875. *Chairman.*] There is another line besides that, namely, the line all along the edge of the desert through Rajpootana?—You may say that England is on the edge of the sea, and in that sense it is on the edge of a desert, in a similar sense Rajpootana is on the edge of a desert, but notwithstanding the country is fertile and reasonably well peopled, and there are large cities in it.

7876. Mr. *J. B. Smith.*] But supposing that the opening of the river were to cost 2,500 *l.* a mile, which would be reckoning it to cost more than a million of money, would there not be great advantages derived from getting produce of all kinds from a rich district such as Berar at a cheaper rate?—Supposing that by expending 2,500 *l.* a mile it was possible to give a means of conveyance, similar to what is given by a railway, along the line of the Godavery, I for one should say that probably it would be a very excellent thing to do it, but I do not see my way to say that any such result could be produced, I do not think it is possible.

7877. Why?—Because after you have removed the obstructions in the river you have not created the means of carrying the goods. A railway is a totally different thing in its very nature and its appliances from a line of navigation, and the whole system of transport is totally different.

7878. You can have steamboats on rivers in the same way as you have steam engines on railway lines, can you not?—No question you can, but you have to pay for them; and the estimates which you talk of have been estimates for the works; there have been no estimates whatever for the working of the boats and the steamers.

7879. If the public find it profitable they will find steamers to carry the produce, will they not?—Supposing that you could run the steamers; but for the sum of this million you will not be able to run steamers. You certainly will not be able to run steamers; you will be able to run steamers for a part of the year, on a certain portion of the way, but not the whole way.

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7880. The estimates are that you will be able to run steamers the whole length?—By going to a certain expenditure, but not for the sum I have mentioned.

7881. But if you open out a river, and people want to convey produce at a cheap rate, they will find the steamers themselves, will they not?—I do not think so.

7882. They have done so on all other rivers?—Not in India.

7883. Are there no steamers on the Ganges?—A few; but they were introduced originally by the Government; the Government alone ran steamers for many years, and it was only when the Government had run steamers for 15, 20, or perhaps 30 years, that private companies took them up.

7884. You find steamers running on all the rivers in America, do you not?—But America is not India unfortunately, which makes all the difference

7885. But do not you think that a profit will attract steamers?—No.

7886 You do not think that a profit will do it?—No; not the sort of profit that is to be got under these peculiar circumstances. Consider, in illustration of this point, the history of the steamers on the Indus. I should say, without the smallest hesitation, that the traffic that comes down and goes up the Indus would be decidedly much more than would come down and go up the Godavery. A very large quantity of cotton comes down the Indus, but the steamers do not pay. There was a private company which broke down; the company, which now exists as the Indus Flotilla Company, is part of the Scinde Railway concern, and is under a guarantee; it just manages to pay its way, and that is all; but as a financial concern it is most unsatisfactory.

7887. You say that it runs through a country which is a desert and produces nothing, and therefore there is no traffic for the steamers?—The Godavery is quite as bad as the part of the Indus on which the steamers run, or worse.

7888. *Chairman.*] You are speaking now of particular parts, because the upper part of the Godavery is very fertile, but the lower part is all jungle?—On the whole of the Godavery there are not, I should suppose, 50,000 acres of cultivated land; I mean on the navigable part of the Godavery. From Chanda to the head of the Delta there is no cultivation worth speaking of, and there is no population worth speaking of; therefore, when comparing it to Scinde, the conditions are not unreasonably unlike.

7889. Mr. *J. B. Smith.*] There is a population higher up the river, is there not, of six millions or seven millions in Nagpore?—Yes.

7890. And is not Nagpore a very fertile district?—But the districts along the Indus are reasonably well cultivated in parts.

7891. But we are speaking now of the Godavery?—Berar and the Nagpore district.

7892. They are a fertile district, which produces a good deal of produce?—Yes.

7893. If that produce can be carried at a cheap rate by the opening of the River Godavery, would not that be better than having a railway?—I am not prepared to say that it necessarily would; and the result of the consideration given to that question is what I have already stated. It was carefully gone into; there was no desire on the part of the Government of India to say, the navigation is certainly bad and the railways certainly good, and we will not have the navigation simply because it is navigation; the desire of Lord Mayo and the Government was to come to a reasonable conclusion; and, having looked at what they considered the probabilities of the expense, and of the traffic that they considered could use that navigation, the conclusion they came to was that it was not desirable to go on with it.

7894. The question is whether it is a wise conclusion if you have to pay 2 *d.* a ton a mile on railways for carrying cotton, and you can get it carried on the river at a halfpenny?—Everything hangs on the "if;" if Manchester would guarantee the Secretary of State that everything that was carried down the Godavery after it had been made navigable should be carried for ½ *d.* a ton a mile, and that there should be a sufficient quantity of cargo to pay for the capital required for the works, the Government of India would immediately, with the greatest satisfaction, lay out that capital; but we cannot get a guarantee of that sort unfortunately.

7895. What is your objection to their opening out the navigation; you say that there is not much population?—We have already got satisfactory navigation in the Delta where the population is.

7896. Might not the same objection have been urged against the Mississippi which 70 years ago was unnavigable, it was filled with sand-banks and snags, and the country was a desert, now that it is open there is the largest traffic on the Missisippi of any river in the world?—I am aware of that; but the Government of India is in a very peculiar position; on the one hand, with extreme difficulty it gets the revenue which it collects: on the other, there are a vast number of objects to which this revenue has to be applied; and it has to consider in what way its available funds shall be spent; it has not been very fortunate in pleasing everybody; the fact is, as far as I can see, that it pleases nobody, but it has tried to do its best, though without any very great success. At the bottom of its difficulties lies the fact that it has not command of money; if the capitalists of the country would combine to carry out works of this sort, there is not the least doubt in the world that it would be the very best thing that could happen to have them so carried out; but there is no possibility of such a result being obtained. The only question is, can the Government do it? There is one set of gentlemen, including those at Manchester, who urge the Government to carry on these works of improvement on the Godavery; but we have an equally pressing set who say, "For heaven's sake do not spend your money in that way, it can never bring back anything to the country; it is merely what, in common language, is called waste."

7897. I think you said one day that we ought to judge of the future according to the lights of the past; now the lights of the past show that railways have hitherto been very unproductive, and here you propose to spend 12 millions more on unproductive railways which you acknowledge will return next to nothing, and yet you see great difficulties and dangers in laying out half a million to render a river navigable which is 500 miles long; is there any consistency in that?—But I do not think that you have put my views at all correctly; in the first place, I have not recommended that 12 millions sterling, nor has the Government of India recommended that 12 millions sterling should be laid out on unproductive railways.

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7898. But it is so stated in this Report on Railways in India for 1870–71?—I have nothing to do with that book, my information is different; I say that there is no proposal to spend money upon those railways otherwise than for the objects which have been specified. The Government has said that it is worth while for military purposes to spend, say, 40,000 *l.* a year to get a railway along the Indus; this may be right or wrong, but the commercial interests of the country are not the moving power. The Government further say, "that on the whole they can afford this outlay." I do not say that they are correct in the conclusion they have come to, but they have a right, at all events, to form an opinion on the subject.

7899. But the practicability of rendering navigable the Godavery river is beyond a doubt; the first barrier is already passed, the second is almost reached, and there remains the third; the whole is practicable in an engineering point of view, it is only a question of expense, is it not?—I suppose within certain limits one may say that everything is a mere question of expense; it is like making a tunnel under the Channel between England and France; if you spend money enough you can have it done.

7900. Would it not be desirable on the part of the Government to have the rivers re-surveyed, and have estimates formed to see whether it is practicable to open the river?—The Government is in possession of such estimates, at least partially; it is in possession of estimates sufficient to enable it, as I consider, to form a fair and just idea of what the results of the works would be if they were completed.

7901. Are you aware that after the opening of the first barrier of this river in that desert country which you describe, there was a traffic the first year of 20,000 tons from that district?—I believe almost the whole of that was food for the people employed on the works; there was extremely little in the shape of merchandise; I cannot say what the exact amount was, but I know that what I have said gives a correct general statement of the facts. Personally, I have taken just as much interest in that work as I have in any other. I have never had any motive for decrying the Godavery; the whole of my disposition would have been, if possible, to have seen good in it. A great deal of money has been spent upon it; and if I could have seen a way of justifying the expenditure, I should only have been too glad. I can only say that the impression left on my mind is that it cannot be justified by the result.

7902. With a population of six or seven millions, and a fertile country through which it runs, is it not worth while to spend half a million to open out a navigable river?—That is the whole question, whether it will have that result.

7903. *Chairman.*] From your experience in the department, you say that you do not think that 500,000 *l.* would make the Godavery up to Nagpore, or the neighbourhood of Nagpore, commercially navigable?—You may judge of the extreme difficulty of getting at a tolerable basis of fact in this discussion; when I repeat what I have said before that the Government and the Secretary of State have been trying to get proper estimates ever since the year 1861, and that it was not till the year 1872 that Lord Mayo got what was a reasonable sort of estimate. But if you look at the Despatch that has been so often spoken of you will see that the estimates for the works in the upper part of the river are said to be only approximate and that although the Government of India believed that Colonel Haig's figures are based upon reasonable calculations, still after all, they are very rough and not founded on actual estimates or designs; the fact is that the difficulties of working out a scheme of that sort are enormous.

7904. Is it not also correct to say that the difficulties increase enormously with every attempt to get a foot more water through a river such as the Godavery?—Most certainly. When we talk of 350,000 *l.* spent, as having opened the first barrier, and 250,000 *l.* being required to open the second barrier, that means navigation with the natural supply of water in the river which will give you a tolerable quantity for three or four months in the year.

7905. And the three or four months during which the navigation would prevail would not extend into the season when the cotton would have been not merely picked but ginned and prepared for market?—That is one of the questions which arises; for unless there is a satisfactory synchronism between the readiness of the cotton and the readiness of the river, people will want to send their cotton to market, and they will certainly send it by railway in preference.

7906. There is no reservoir at the sources of Godavery, like there is at the sources of the Ganges, to keep it flowing during the rest of the year after the rains are over, is there?—Nothing at all. Then there is another consideration which it was necessary to attend to in coming to a decision which is that the railway exists, whatever part of the Nagpore export traffic goes down the Godavery is taken off the railway.

7907. You think that the conditions of the problem are changed by the railway being there; it is no longer a question between two probable schemes, but it is a question of one thing actually in existence, and another thing which is to be proposed and carried out in supersession of that which is already at work?—Yes; and you must remember that the revenues of India are already charged with the burden which arises from that railway, if you take away the grist from that mill the country has to pay, it might be made to appear that cotton gets down to Coconada cheaper, but in reality India as a whole might have to pay for that.

7908. Is there not also another question which must be considered, namely, that when it gets to the mouth of the Godavery that mouth is not easily accessible to large ships, and there is no port fit to carry on the business?—Yes; in my former examination I referred to that, and also to what I believe is the necessary inconvenience of shifting the centres of trade. It is an infinitely more convenient thing for persons who want to sell cotton to send it down to a place like Bombay, where the whole trade of Indian cotton is concentrated, than to send it down to Coconada; they would have a much greater chance of getting good sales at the larger market.

7909. They have bankers there, and so on?—The whole organisation of commerce exists there on a very large scale, and there is no doubt, I think, that the general convenience would be much greater.

7910. Perhaps the question of the navigation of the Godavery is something like the Mutlah over again; the railway company found that they could not transport Calcutta to the banks of the Mutlah?—That is pretty much what I have suggested before.

7911. Mr. *J. B. Smith.*] You said that this opening

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opening of the Godavery would be a diminution of the receipts of the Bombay Railway?—Yes.

7912. But if the Bombay Railway cannot carry it at a cheap rate it will not be able to carry it at all?—They do carry cotton very largely from these districts.

7913. But if such a state of things arises as that which existed before they will not be able to get the cotton at all. I waited upon Lord Elgin with a deputation from the Manchester Chamber of Commerce, previous to his going out to India; that was during the cotton famine, and the day before I waited upon him I received a letter from Liverpool informing me that a new kind of cotton, cotton of a very superior quality which was equal to the common American cotton, had arrived at Liverpool from India, and this cotton was called Hingunghat cotton. I showed the letter to Lord Elgin, and I said, "Perhaps your Lordship may ask how it is that this cotton has never made its appearance before; and the reason is this, that under ordinary circumstances this cotton is worth 3 *d.*, or 4 *d.* a pound, but that at that rate it would not afford to pay the carriage of 500 miles on the backs of bullocks to Bombay, and therefore it never made its appearance;" but at that time we were in the midst of the cotton famine, and the price had risen from 3 *d.* or 4 *d* to 1 *s.*, and then, when the price rose to a shilling, they were enabled to pay an exorbitant carriage to take it to Bombay. Now the price of cotton is likely to go back again to its normal prices, and in that case the cotton from Hingunghat cannot afford to pay high rates, and therefore your Bombay Railway would lose the traffic altogether, and they may as well lose the traffic by the taking of it at a cheap rate by the Godavery river. How would you meet those difficulties, arising out of the fact that they cannot afford to pay 1⅓ *d.* a ton a mile?—I perfectly admit that there is a price below which, if cotton falls, it cannot be exported from any part of India. I suppose that there is no question about that I do not think, however, that such a condition of things is likely to arise. My general impression is, from what I have heard, that at the present time if Indian cotton were to go down, sensibly, below 5 *d.* a pound it would stop the greater part of the Indian export. I do not know whether I am right or wrong in that; but, of course, under circumstances of that sort, if they should occur, every penny that we could save upon the pound of cotton to the exporter would be a thing of the very greatest importance; and the same argument, of course, is of general application; we all appreciate that thoroughly, and what we endeavour to do, therefore, is to give to the country the cheapest modes of communication that are available to us.

7914. But you are aware that cotton is not the only article; oil, seeds, and flax, and timber, and many valuable articles might be brought down the river?—My remark applies to all exports.

7915. You are aware that coal has been discovered at Chanda?—There is a great deal of coal in the vicinity of Chanda, and it has lately been found also lower down the river.

7916. Is it true that you are going to make a railway to carry this coal, instead of making the river navigable?—Yes; to the Great Indian Peninsula Railway.

7917. And is this railway to be a single line of railway?—Yes, I think so.

7918. And what is to be the expense per mile?—It is a broad gauge line, and it is about 7,000 *l.*

7919. If you can open out the river for 2,500 *l.* a mile, would it not be better to do that than to go to the expense of a single line of railway?—I do not think that it necessarily would; and the conclusion which we have arrived at is that we could not substitute the water communication for the railway with advantage. The question was discussed whether it would be better to try and create water communication between the Chanda coal and the Great Indian Peninsula Railway, or to have a railway; and after having gone into the question as far as we could, the conclusion which we arrived at was, that the railway was likely to be decidedly more convenient and economical.

7920. *Chairman.*] In speaking of mileage charges as to rivers, is not that rather a source of error in consequence of the very circuitous course of the rivers as compared with the course of a railway?—Yes; the cost of the navigation would not have been 2,500 *l.* on 45 miles only. But at the bottom of the whole of this question of navigation lies the question of the supply of water.

7921. Mr. *Fawcett.*] If you thought it could be done, would you think it advisable to open out the Godavery?—It cannot be done with what I consider financial propriety.

7922. *Chairman.*] You have never had reason to be satisfied that the work could be carried out with reasonable economy to produce what may be called commercial navigation?—No; but, on the contrary, having had the whole of these matters put before us by a very strong advocate, Colonel Haig, the conclusion that we came to was that he did not establish his case.

7923. Mr. *J. B. Smith.*] Then it must be founded on your having no confidence in the report of the engineer?—Very often there may be a justifiable difference of opinion as to whether a scheme shall be accepted in its totality or not, although you would not exactly go the length of saying that you had no confidence in the engineer.

7924. Under those circumstances, would it not be desirable to ask the opinion of other engineers?—But we consider that we have been discussing this question of the Godavery for the last 10 or 12 years, and that we are never really likely to know more about it than we do now.

7925. Is there not a great advantage in a canal over a railway in this respect, that you may carry an illimitable quantity by the water, which you cannot do by the railway?—There are advantages in that no doubt; but, on the other hand, there are disadvantages in water communication, and the question of the unlimited power of a canal navigation really does not arise, supposing that the quantity of goods which actually has to be carried is small, and such that it can be carried perfectly well by railway.

7926. *Chairman.*] I understand your evidence amounts to this, that having had this before you in connection with the government of India for the last 15 years, you have never been able to discover sufficient data that would justify you in reporting to the Government that the experiment was likely to be successful?—Yes, or rather for 12 years.

7927. Mr. *Fawcett.*] Looking upon this question of the Godavery purely as a financial question, and not an engineering question, do you not think that Lord Dalhousie, when he received this deputation from the Manchester Chamber of Commerce, and Lord Elgin, when he received a deputation from the Manchester Chamber of Commerce, would both of them have acted

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acted very wisely if they had made some such reply as the following: "You gentlemen of Manchester have great wealth and great enterprise; you do not mind investing your money in any quarter of the world; you believe that this navigation would be a great advantage to you in getting cheap cotton; and therefore, as the Government, we will afford you every facility in investing your own money in carrying out navigation works"?—I think that it would have been a most excellent answer.

7928. And do not you think that at the present time, supposing pressure is brought to bear on the Secretary of State, he would be acting wisely if he said, "You believe that these works would be of great importance, and that they are practicable; we doubt it, we cannot run the risk of spending so much money; but if you like to spend money in doing the works, we will afford you every facility for doing so, as long as you do it at your own risk, and we shall be very glad if in the end you derive profit from it"?—That would be a most proper answer.

7929. Mr. *R. Fowler.*] I think I understood you to say that the Government had spent three-quarters of a million over the navigation of the Godavery, and that it was necessary to spend a quarter of a million more to make it navigable, which they did not see their way to do; were they satisfied that a quarter of a million would have put it into a satisfactory state?—An additional expenditure of a quarter of a million would have opened the navigation in the most economical way; 200,000 *l.* was the sum of money supposed to be wanted for the works at the second barrier, and 50,000 *l.* for work in the river and a road to Chanda; but the result would merely have made a possible communication; that it would give a satisfactory communication nobody ever pretended.

7930. Then the whole thing was so unsatisfactory, that you preferred to sacrifice the three-quarters of a million, rather than to spend another quarter of a million; you threw the three-quarters of a million into the sea, so to speak?—That was pretty much the case. The conclusion that the Government of India came to was this: after we have spent the least additional sum of money able to give any result, a quarter of a million, the prospect of any satisfactory result is so small that we think on the whole we had better abandon the three-quarters of a million.

7931. It was a parallel case to what the House of Commons did about Alderney Harbour the other day?—Financially, it is analogous to that.

7932. Lord *E. Fitzmaurice.*] Could you state to the Committee if it often happens, in your opinion, that pressure is brought to bear from England, from various commercial quarters, upon the Government of India, to carry out works?—Well, I think that whenever that sort of influence has been used, it has been used upon the Secretary of State; and that all I have to state upon that subject I have said already. I should add, if you please, that I do not for an instant mean to imply by any remarks I before made that I think that the people of England, whether they are commercial or anything else, have not a perfect right to express their opinion, and if they hold opinions strongly, to apply what you and I have called pressure to get attention paid to those opinions.

7933. I wish also to ask you a question about traffic on the railways; what traffic, first, second, or third class (assuming that you have a third class in India), is found, on the whole, to be most productive?—The third class is the really profitable passenger traffic, and if the first and second class were entirely wiped out it would not affect the return in an important way; so far as my recollection goes, the third-class traffic is 90 per cent. of the whole passenger receipts.

7934. Does not that point to this conclusion, that a great increase of the number of third-class trains would be a reproductive thing?—Yes, if combined with reduced fares; that is what I and the party to which I belong in India have constantly said.

7935. And do you not consider that the number of fast trains is very much in excess?—I do; I think that the whole of the question of traffic management in India requires very careful reconsideration, and I think that the figures that I before referred to, which I could give the Committee, will show that. One of the facts that come out from those figures is worth special notice. The cost of working a train mile on the East Indian line is 3 *s.* 8½ *d.*, while on the Bombay and Baroda Railway it is 6 *s.* 11 *d.* The average number of passengers in a train on the East Indian line is 206 and in a Bombay and Baroda train 268. The average quantity of goods carried in a Bombay and Baroda train is 78 tons; in an East Indian train it is 109 tons; thus the cost is very near double on the Bombay and Baroda line, while the goods carried on the East Indian are nearly 50 per cent. more, and the East Indian passengers only 25 per cent. less. The cost of working a train mile on the Great Indian Peninsula line is 5 *s.* 7 *d.*, the average loads being 157 passengers and 69 tons. The Scinde, Punjab, and Delhi line carries average loads of 117 passengers, and 29 tons of goods, and costs per train mile 3 *s.* 4 *d.*; thus costing almost as much as the East Indian, though it carries but little more than half the number of passengers, and one-third of the weight of goods. The whole of these facts indicate that the system under which the traffic is worked in India requires careful reconsideration.

7936. In fact, the general conclusion would be this, that a considerable increase in slow trains is wanted, instead of a comparatively large number of fast trains?—I would not go so far as that, what is wanted, I think, on most of the lines, is an absolute reduction of the number of trains, and the adoption of mixed traffic. On the Madras Railway now, for instance, the average load carried by a goods train is 50 tons; now 50 tons as a train load is nothing. On the East Indian, which is the best of all the Indian railways, the average load is 109 tons. Now, if you have a difference of that sort, it shows at once that the Madras Railway is running too many trains.

7937. Mr *J. B. Smith.*] Is it true that the Madras Railway, instead of being made for the convenience of the large towns through which it passes, is made to avoid all the large towns?—Well, not exactly that; that is rather an exaggerated way of putting it; but the line, I think, was not very cleverly laid out; the two principal towns to which you refer are Vellore and Arcot; the railway goes about seven or eight miles from those places.

7938. Those are large towns, are they not?—They are rather large towns.

7939. Is anything like that to be found in all the world?—I think something of the sort has occurred. I think that in England, when railways were first made, a number of large towns tried to keep the railways away from the neigh-

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bourhood. I understand that the Great Western, for instance, was kept out of Oxford.

7940. Mr. *Fawcett.*] That is not a parallel case, is it; that was not a question of engineering?—I do not think that it is fair to say that the Madras line was laid out merely on engineering grounds.

7941. But in the case that you referred to at O[illegible]rd, was not the Great Western driven away fr[illegible] Oxford by the prejudices of the people?—Th[illegible] quite true.

7[illegible] But this line that Mr. Smith is referring to was [illegible] iven away from the large towns of Madr[illegible] the prejudices of the people?—It was ig[illegible]ce on the part of the persons who had the power to direct the course of the railway.

7943. Those were the engineers?—It was not a question merely of fixing the line for the railway in an engineering point of view; it was fixed on a general consideration of all arguments by the Government.

7944. In the case of the Great Western it is the prejudice of the people that is responsible for this result?—I think rather it is the ignorance of the House of Commons that is responsible in the Oxford case [illegible] was at the instigation of the Oxford people [illegible] the House of Commons fixed the line. The Committee of the House of Commons represent the Government in India in the comparison.

7945. The House of Commons was not carrying out a railway with public money. You admit that this line is badly laid out, and you say that it was through the ignorance of the people who laid it out, who were the Government officials?—A Government official no doubt advised it, but the final result is much the same as that of the English lines.

7946. It was submitted to the Public Works Department, was it not?—No, because in those times the railway work was all done by the Government of Madras, I think.

7947. The Public Works Department there?—Yes.

7948. You said in reply to Mr. Smith, in speaking of the Punjab and Scinde Railway, that a great amount of expense had been incurred, and then you added "unnecessary expense." Who is responsible for that, the Public Works Department?—Well, if you please to term it the Public Works Department, you are at liberty to do so.

7949. I mean to ask who is responsible?—I cannot give you any other reply, except that it is the system under which the guaranteed railways were carried out.

7950. Some one is responsible for that system; it only transfers the responsibility one step; who is responsible for the system?—I suppose the persons responsible for the system were the persons who invented it.

7951. But the system is administered by the persons in the Public Works Department, is it not?—Yes; but if you have a machine which is absolutely unworkable, you have no right to find fault with the mechanic in charge, because he cannot turn out work satisfactorily.

7952. Who invented the machine; the Government of India or the Secretary of State, or who?—The Court of Directors, I believe.

7953. I believe it was stated on the authority of Mr. George Campbell that the establishment expenses for an expenditure of some years of only 3,000,000 *l.* on Public Works was 1,000,000 *l.*; is that correct?—No; I think not so much as that.

7954. Can you state what they are?—From the Appropriation Accounts, which contain a review of the Public Works Expenditure. I see under the head, Harbour Works, Kurrachee, that the per-centage of establishment is 15 per cent.; for Bombay Defences, 7 per cent.

7955. *Chairman.*] Have you got the total of the whole expenditure for the establishments for the money that the department spends for the whole of India?—I can give it you on the estimate for 1872-73, which is probably near enough; it is 297,000 *l.* on 1,147,000 *l.*

7956. For what presidency is that?—That is the grant under Imperial, for the whole of India; since the provincial grants have been made the provincial establishment has carried out the provincial works; then under Extraordinary the cost of establishment is 312,000 *l.*, against, say, 900,000 *l.*; but that does not give a fair statement, because the work is so little advanced in many cases that a great part of these establishment charges are merely upon surveys; it is, I think, better to take as a guide, 297,000 *l.* against 1,150,000 *l.* in round numbers.

7957. Mr. *Fawcett.*] With regard to the establishment charges is there not this great disadvantage associated with them, that supposing the revenues of India should in future years be in such a condition that you cannot go on spending so much upon public works, you will have this great establishment representing a machinery of ordinary Government officials, they must be employed somehow or other, and will not it give them an interest in persuading the Government to continue public works; will it not act as a stimulus in that way?—I do not know that it would have that effect.

7958. Mr. *M'Clure.*] About the charge for engineering for guaranteed railways, I presume that the railway companies provide their own engineers; the charge paid by the Government seems to amount on these railways to 44,000 *l.* a year?—Those are the charges on account of the Government supervision, exclusively; they have nothing to do with the engineering of the line.

7959. Is not that a heavy charge for Government supervision?—You must remember that the Government not only has to supervise the work, but also has to keep the accounts; the charge includes, I apprehend, something for that.

7960. Mr. *Fawcett.*] You had a desire, before you concluded, to give some information, I believe, with regard to the figures of exports and imports which you gave the other day?—A doubt was expressed as to whether the increase of value of exports and of imports, between the years 1861-62 and 1868-69, was not considerably due to increase of price rather than to increase of quantity. Now I have got the actual figures from the returns here, as far as they go, which show that the increase in the quantities is quite as substantial as the increase in values, for almost the whole of the articles. I can just run through some of the most important of them. First, the exports. Coffee, 21,505,000 lbs. in 1861-62, increasing to 48,528,000 lbs.; cotton wool, 395,000,000 lbs., increasing to 697,630,000 lbs; indigo, 8,850,000 lbs., increasing to 11,111,000 lbs. Then rice, 4,576,000 quarters, against 4,111,000 quarters; showing a small falling off; other sorts of grain, 350,000 quarters, against 182,000, also a small falling off; on both of these items of export there are export duties; jute and manufactures of jute, 1,230,000 cwts., increasing to to 3,366,000 cwts.; opium, 65,400 chests, against 74,900 chests; oils, in gallons, 2,492,000, against 2,587,000; saltpetre, 631,000 cwts as compared with 397,000 cwts.; this is an export killed by an export duty; seeds of all sorts, that is, oil seeds, 582,000 quarters to 710,000; silk, raw, 1,101,000 lbs. to 2,463,000 lbs.; spices, of all kinds, 11,500,000 lbs. to 17,334,000 lbs.; sugar, 708,000 cwts. reduced to 450,000; there is a large import of sugar which nearly balances the export; tea, 2 318,000 lbs. increased to something over 12,000,000 lbs.; wool, 17,760,000 lbs., increased to 20,390,000 lbs. Those are the principal exports.

7961. What are the imports?—Cotton twist, 19,500,000 lbs., increased to 29,040,000 lbs Of piece goods the quantities are not given for the former year; in the latter year it is 958,000,000 yards nearly. Salt, 2,776,000 cwts., increased to 5,331,000 cwts. Raw silk, 1,500,000 lbs. increased to 1,959,000 lbs. Malt liquor, 2,671,000 gallons, reduced to 1,716,000 gallons. I do not know what the cause of that is. 618,000 gallons of spirits, increased to 805,000, 308,000 gallons of wine, increased to 685,000. I think those are the only quantities that are given. The quantities of the other things are hardly susceptible of being estimated. For instance, such things as machinery; of metals, again, it is difficult to estimate the quantities.

7962. Those figures would show that the imports consisted to a very small extent, except twist goods and cotton piece goods, of any thing consumed by the general body of the people; the rest of the imports consisted of materials supplied to the Government in the form of stores for troops and things like that, and of specie, which specie does not provide the people directly with food, clothing, or drink?—That is true as far as it goes; I think you should, however, include among the things consumed by the people generally, 3,800,000 *l.* worth of metals.

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7963. A great part of that is for railways?—No, that is a separate head.

7964. It would include, for instance, metals for public works, would it not?—To a certain extent it would. These are the heads under which they come. Machinery is in the last year, 794,000 *l.*, raw metals 2,700,000 *l.*, manufactured metals, 1,139,000 *l.*, railway stores 1,591,000 *l.* The three first of these items are, to a very great extent at all events, for the general purposes of the country and not for the Government. I would add that I have a return before me of the total value of Government stores that have been sent out during the last 10 years, which shows that, comparing 1861–62 to 1868–69, there was in the later year for such stores, the increase of value did not amount to more than 500,000 *l.* Comparing the aggregate of the imports that may be considered as mainly consumed by the people generally, in 1861–62 with the values in 1868–69, I find the results to be about 13,800,000 *l.* in the earlier year, and 24,700,000 *l.* in the later, giving an increase of about 11 millions sterling, the whole increase having been about 13½ millions. I have also been able to procure the figures showing the values of the exports and imports up to 1871–72, which are of considerable interest. They are as follows:—

——	Merchandise		Treasure	
	Imports	Exports.	Imports	Exports.
	£.	£	£	£.
1681–62 -	22,320,432	36,317,042	14,951,985	683,355
1868–69 -	35,793,767	53,062,165	15,149,424	1,395,000
1869–70 -	32,927,520	52,471,375	13,954,807	1,042,353
1870–71 -	33,413,906	53,551,681	5,444,823	2,220,765
1871–72 -	31,083,747	61,697,225	11,573,813	1,476,093

They seem to support the opinion I before gave, that the prosperity and general productive power of the country had greatly increased of late years.

Friday, 5th July 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Candlish.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler.
Mr. Lyttelton.
Sir Stafford Northcote.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Mr. JOHN DACOSTA, called in; and Examined.

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7965. *Chairman.*] WILL you be good enough to state what connection you have had with India?—I have been a Merchant for the last 30 years, residing in Bengal.

7966. In connection with what firm?—Ashburner & Company is the name of my firm.

7967 Are they general merchants?—Yes.

7968. Are they also indigo planters, to a certain extent?—They make advances to indigo planters; they are not owners of factories.

7969. They have not been engaged in the cultivation themselves, but act as agents?—They act as agents, and occasionally in some years when indigo factories from their bad results lapsed into our hands, we had to manage them on our own account until we resold them.

7970. Mr *Fawcett.*] You have paid very particular attention to Indian Finance, have you not?—Well, certain branches of it have forced themselves on my attention.

7971. The points on which I understand you would like to give evidence are the income tax, the increase of various forms of local taxation, and various kinds of retrenchment which you think can be effected; especially in the Public Works Department and Military Expenditure?—Yes.

7972. Would you give the Committee your views as to the effect produced upon the people by the income tax?—The income tax has been collected mostly from the classes that it was not intended to touch. It has not been oppressive to the Europeans, because they could resist over-taxation or over-assessment; but among the natives, the higher classes and the middle classes are supposed to have escaped, to a very great extent, the amount that would be due from them.

7973. In what way have they escaped it?—Because their incomes could not be ascertained with any exactitude.

7974. Then on whom has the tax fallen with the greatest force?—It has fallen with the greatest severity upon the poorer classes, chiefly in the country, who are the more ignorant part of the population.

7975. Has not this pressure upon the poor been obviated by the fact, that the tax is only imposed upon, comparatively speaking, large incomes?—No, and I will explain why. When the minimum income was 50 *l.*, large numbers were assessed who afterwards were found not to possess more than 5 *l.* or 6 *l.* of income, and therefore, the raising of the minimum of the income tax to 100 *l.*, is not likely to prevent men with smaller incomes from being taxed.

7976. Then what you wish to convey to the Committee is, that for every person who is legally responsible for the tax, a very great number are assessed to it?—Exactly.

7977. Can you give us any facts to prove that assertion?—One broad fact shows it at once, and that is the large number that were unable to pay the tax, and whose goods had to be sold; the officers had no option but to fine them; and as they were unable to pay the fine as well, their goods were sold, and the proceeds fell short of even the income tax, and greatly short of the whole demand made upon them.

7978. Can you refer to any official paper in which that is stated?—There are the last reports of the administration of the income tax in the Lower Provinces, and in the North Western Provinces, and I think I have got them here, and I could refer to them.

7979. Would you refer to them and read an extract?—I will refer to the report of Mr. C. H. Campbell, Commissioner of the Presidency division.

7980. He is brother of the Lieutenant Governor of Bengal, is he not?—Yes, I believe so; the report is dated the 22nd of December 1870. The Lieutenant Governor, Mr. George Campbell, in his Minute of 8th August 1871, says, "I am therefore not surprised to find that in the Board's Report of 18th July 1870, it is stated that the income tax falls with greatest severity on the class of ryots and agriculturists; that it is among this class that the greatest discontent is felt in connection with this mode of taxation; that among them more than others, a strong and bitter feeling has been excited by the tax, and that instances have been brought to the notice of a member of the Board in which cultivators threatened to emigrate to Nepaul, where there is no income tax."

7981. *Chairman.*] Do you recollect to what

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rate of income tax that remark has reference?—This has reference to the last tax; this remark is dated in August 1871.

7982. How low did it go; to what scale of incomes?—£. 75 a year; I mentioned that under that tax they assessed men who were not assessable by law. The assessments are done in this way; the numbers are too large for the European officers to draw up the list; native underlings are charged with the duty, and they put down every man in a village, even those who have only 5 *l.* or 6 *l.* a year, those who fee them have their names struck off the list; those who do not, remain on; and any complete revision of that list by the European officers is impossible.

7983. Mr. *Fawcett.*] That statement of Mr. George Campbell shows, that it is not correct, as has been generally represented in this country, to say that the agitation against the income tax is solely confined to the wealthy natives, but that it is a tax which according to his opinion, falls with very great severity upon, and even causes great vexation to extremely poor agriculturists?—Exactly, and Europeans have been the mouthpiece, because they, especially the indigo planters, have witnessed the sufferings of the poor in the agricultural districts, and saw that the men on whom they depended for their work were ruined by the tax.

7984. Are you aware of the very strong statement made by Mr. Inglis, afterwards confirmed by Sir William Muir; they mentioned, did they not, that the tax affected 20 people for one from whom it was properly levied?—Yes. Mr. Inglis, the official member of the Legislative Council for the North Western Provinces, stated, at the debate on the Income Tax Bill in March 1871: "It may be true that only one in 300 of the people pays income tax to Government, but it is equally true that of the 299 remaining, at least one-half are subject to the most vexatious oppression, inquisition, and extortion when the preliminary lists are being drawn up, and that a very large number of these men have to pay in order to keep their names out of the lists." Again, he said, "It is, I believe, no exaggeration to say that for every man who pays income tax to Government 20 pay to get off, and that for every rupee that is paid into the Treasury another is paid to the subordinate native officials; that is, that the natives of India paid last year upwards of two millions sterling as income tax to Government, and upwards of two millions more as bribes. Everywhere throughout the country the people are being demoralised by the tax; everywhere false returns are sent in; everywhere the trading classes are beginning to keep two sets of books, one set showing accurately the real transactions, the other containing a carefully-prepared garbled account to be shown to the income-tax assessors." This statement was challenged by the Government of India, and referred to the Lieutenant Governor of the North Western Provinces for a report.

7985. Who was he; Sir William Muir?—Sir. Sir William Muir. The secretary of Sir William Muir said: "The sentiments of Mr. Inglis are shared more or less by probably three-fourths of the officers in these provinces who have had opportunities of forming an opinion; and his Honour has found, with hardly an exception, that those officers possessed of the most experience and judgment coincide to a large extent in the views and impressions of Mr. Inglis." In the same report, referring to the cases of corruption and bribery, he said: "The cases which have actually come to notice are few, and have transpired by accident; and they are mentioned as showing what may occur when the superior officers are corrupt or negligent, though they hardly touch the class of corruption on the part of underlings, to which his Honour conceives Mr. Inglis chiefly alluded, and which, being characterised by collusion on both sides, could rarely come to light."

7986. So that that would show that in the opinion of Sir William Muir, the cases which came to light could, from the nature of the case, not be taken in any way as a measure of the amount of extortion and corruption which resulted from this taxation?—Exactly.

7987. Referring to the opinion expressed by Mr. George Campbell, the Lieutenant Governor of Bengal, he refers to people actually threatening to leave their own country and go to Nepaul, in order to escape this tax so obnoxious to them; I suppose it must be an infinitely stronger inducement to induce the Bengalee to leave his country to escape a tax than to induce a European to do so?—Very greatly.

7988. They have almost a religious sentiment against doing so?—They have.

7989. Mr. *Lyttelton.*] Did they go as a matter of fact?—It would not be known if they had gone, because they would go in small numbers; but the probability is that they did.

7990. *Chairman.*] You understand that this applies to people who really have not an income of 75 *l.*?—Yes.

7991. Do you suppose that any person who really had 75 *l.*, would have gone to Nepaul to escape the payment of 7½ rupees?—It is difficult to answer that question, evidently the feeling of the majority in those districts bordering on Nepaul was to emigrate.

7992. What is your view of the feeling of a person in India having an income of 75 *l.* a year?—That he is a man not possessed of sufficient education to know whether he has been legally or illegally taxed.

7993. But, considering the expenditure that such a man would make upon a birth, or betrothal, or marriage, or death, or any other occasion commonly called joyful or mournful, do you think that he would throw up his home and his family connections for the sake of the 7½ rupees?—Yes, he might do so, because he would be ruined by the tax.

7994. How could a person of 75 *l.* a year be ruined by paying 7½ rupees a year?—Because he would have to pay a great deal more to the underlings, they would probably assess a man of 75 *l.* as possessing 400 *l.* or 500 *l.* for the sake of obtaining bribes.

7995. I was asking you if he were assessed properly on an income of 75 *l.*, how could the result be what you have stated?—If he were assessed properly, my opinion is that it would require a very great inducement for him to leave the country; but my opinion is, that it is impossible to assess properly in that class, because the establishment employed for the purpose is uncontrollable and unreliable.

7996. That is another proposition altogether; I only wanted to know whether that amount of taxation, 7½ rupees a year on a person who had an income of 75 *l.*, was so oppressive that he would be induced to take any serious notice of it and leave his home and country to escape it?—If the

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tax could be assessed exactly as it is laid down in the law, without any collateral oppression and demands, I do not think it would be oppressive.

7997. Mr. *Fawcett.*] Your contention is that the tax in itself, assuming that it could be accurately assessed and only levied on those persons who are legally bound to pay it, would not be a bad tax; but that from the circumstances of India and the manner in which it has to be assessed, it leads to such a very great amount of corruption and oppression that it becomes obnoxious?—Yes; and I consider it impossible to assess the tax properly amongst that class according to law; you have not the means.

7998. Before we leave the subject of the income tax, is there anything on this subject which you would like to add?—In addition to the figures given by Mr. C. H. Campbell, he has said in the same report, "The more I see of the actual working of income tax Acts, the more I am convinced of the utter unsuitableness in every respect of the tax for this country;" and later he says, "Since the British connection with India began, no measure has ever been introduced which caused such deep dislike to our rule, to use a mild term, and this I can safely say is the opinion of all classes, official as well as non-official, in this division."

7999. Is there anything else that you would like to say on the subject of the income tax?—Only to allude to the general fact that a great many cases of oppression have come to light. A missionary, a Mr. George Kerry, was instrumental in exposing a number of cases that occurred within four miles of the Government House at Calcutta, but while a few were let off the tax, no compensation was made to the men whose goods had been sold beyond giving them the small proceeds of their goods, which of course did not enable them to set up again.

8000. Passing to the subject of local taxation, I believe that you have devoted a great deal of attention to the growth of local taxation in India, have you not?—Well, it forced itself in the same way on our attention, inasmuch as our servants and dependants were oppressed by it, and came to us for advice.

8001. *Chairman.*] When you speak of local taxation, do you refer to the local taxation that exists in some towns and places of India on houses, horses, and carriages, or to what class of local taxation do you refer?—I mean the new taxes imposed on the poorer classes.

8002. Will you just enumerate those if you can shortly?—Some of these taxes have been abolished, but their number quite confuses the people, and the changes in their rates equally so.

8003. Will you specify what are, in your mind, which you call the direct local taxes?—The income tax, the certificate tax, the license tax, the chokeedaree tax.

8004. What do mean by the chokeedaree tax, the police rate?—No; it is an additional tax imposed for the first time to the best of my knowledge, in December 1870, but under an Act which was passed in 1855-56, the operation of which appears to have been stayed on the petition of some Native associations.

8005. But what is it?—It is a tax levied at the option of the assessor on the rental, or on the general circumstances of the man.

8006. For the payment of what?—For the payment of chokeedars, who are watchmen.

8007. Then it is a police rate?—Yes, but it is in addition to what is called the police rate, and is a new tax; and it is very inquisitorial from the fact that when a man pays a small rent, they look into his circumstances, and try to find whether he has got any income which they can reach; therefore it is another shape of income tax.

8008. You were going to enumerate some other taxes as the local taxes to which you refer?—The increased house tax, the road cess, and the education cess.

8009. Mr. *Fawcett.*] Then in addition to these taxes which you have enumerated, the people have been kept in a constant state of uneasiness, I believe, in consequence of various other taxes being from time to time proposed. A short time since there was a tax proposed upon feasts, was there not?—There was.

8010. And another tax upon marriages?—Yes, and upon tobacco.

8011. So that when you estimate the amount of public discontent that has been created, you must take not only the taxes that have been imposed, but also the imposts that have been threatened?—Yes, but their anxiety was greatly increased by the circulation of false rumours, emanating it is believed, in fact it is known, from the police and underlings of the magistrates courts, for the purpose of extorting bribes.

8012. What you mean by that, is that owing to these constant proposals of various kinds of local or provincial taxes, officials tell the people that taxes have been imposed, when they actually have not been, and in that way they extort money from them?—Yes, in some instances it has been said that a tax has been imposed, and money extorted on that pretence; in other instances it was said that the tax was about to be imposed, and money was extorted from persons on the plea that their names would be kept out of the list of those who would be taxed.

8013. In addition to those taxes that you have enumerated, you have mentioned the income tax as a direct tax; but you mean by that not the Imperial tax, but in some parts of India, for instance, in Bombay, a local income tax has been imposed, has there not?—There was a tax imposed in Bombay which reached incomes of 5 *l.*, and which therefore could be realised only through underlings on very small salaries, and exposed to all the temptations of receiving bribes.

8014. Taking the chokeedaree, you know the manner in which that has been levied, because I presume you have paid that tax, have you not?—I have; it was levied in my case on the rent of my house, and I never referred to the Act until I was asked what were the circumstances of some native clerks employed in my office, and I then found that it was optional to assess them according to their general circumstances.

8015. So that from your own experience you know that the system of assessment of this particular tax was so vague that it would give great room for oppression and extortion?—Exactly, and for corruption and misstatements.

8016. Have you any further remarks to make, from your experience, or from official documents, as to the effect that this local taxation produces upon the people?—No, not beyond what I have said, without repeating what others have said on the subject.

8017. I mean, have you with you the opinions of any official persons to strengthen your own testimony on the point?—With regard to the

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the road cess it has been the opinion of most of the officers who were consulted on the subject in 1870, that the portion payable by the proprietors of land would ultimately fall on the ryots or cultivators, as the zemindars would compel them to make it good to them.

8018. That is the opinion which was generally shared in by officials, was it not?—It was.

8019. Having lived in India for 30 years, and taken great interest in the people and country, which I believe you have, have you noticed any change in their attitude towards the British Government?—It is very difficult to give an opinion on that point, because the natives of India are very reserved in any manifestations of that sort, and no indications were given, to show that the Mutiny of 1857 was at hand.

8020. But what is your opinion as to the effect on the public mind, produced by this increase of taxation. Has it produced discontent?—What we could well see was, that it created a great deal of discontent and despondency, and in some parts a great degree of irritation.

8021. But do you think that the people are more despondent, less hopeful than they were?—Well, I will quote the words of some of the people that came to us. When the income tax was doubled in the middle of the year 1870, the cultivators in Purneah, where our indigo factories lie, had already paid a tax which they thought exempted them from further taxation for that year. They came in great numbers to the factory, saying, "Why does the sircar" (that is the name by which they designate the Government) "not tell us what money is required? We have been told that the Government is in debt. If they will say what amount is wanted to clear the debt, and will collect it through the heads of our villages, they will collect it from the men, and take it to the collector. We shall sell our cattle and ploughs, if necessary, and wait till we can buy others; but this year we have commenced our cultivation, and in the midst of it our cattle and our implements are taken away from us, to pay this addition to the income tax." They came in large numbers with such a tale.

8022. Does it at all reconcile the people to this local taxation, of which you have been speaking, that it is said to be spent for local objects in which they are interested?—It cannot reconcile them, because they do not understand it, nor has it been so spent; and as a proof of that, the chokeedaree tax levied in the district where I reside has not evidently added a single chokeedar to the establishment which existed before.

8023. Then what has been done with the money?—It probably went to pay some deficit in the fund, as most of the municipalities are in debt.

8024. A deficit in Imperial funds, or local funds?—Probably local funds.

8025. Then the people have no security, or do not feel any certainty that money raised for any particular object will be spent for that object?—None.

8026. Have you at all considered the decentralisation scheme which has been explained to us by General Strachey?—I have; and it has impressed me only as a means of increasing taxation by throwing on the local governments the burden of that increased taxation.

8027. *Chairman.*] Is it not rather a shifting of responsibility and administration?—Worse than that, it is a mode of rendering further taxation absolutely necessary.

1028. Mr. *Fawcett.*] Do you mean it will have this effect that it will lead to an increase in the aggregate amount of local taxation, because these local taxes are not brought so much under public opinion; not known so much and therefore local taxation may be increased with greater impunity than Imperial taxation?—That might be one of the objects.

8029. Do you think that will be one of the results?—It must be, because the local taxes are not brought before the public in the same prominent way as the Imperial taxes are.

8030. From your evidence you evidently think that it is essential that this increase of taxation, or rather this constant imposition of new taxes should be checked; but if it is checked in what way would you propose to provide the money?—Well, the increase of taxation has been so great during the last 10 years that the difficulty ought to be met by a retrenchment in the expenditure.

8031. When you speak of the increase of taxation, you, I suppose, under that word include not simply Imperial taxation, but local and provincial?—Exactly; I mean the whole sum taken from the country, which in the last year of the East India Company amounted to some 33 millions, and which amounted last year, including the local taxation to something over 53 millions, showing an increase of 20 millions in the taxation during those 14 or 16 years.

8032. Then if you were going to compare the increase of taxation, you think it would be fairer to compare the taxation at the time when the East India Company gave up India and now, than to compare the taxation between 1861 and 1871, as has generally been done?—Exactly, it would not be fair to compare the present taxation with that of the East India Company's time, because it has been considered necessary to increase the army, and that has required an increased expenditure, but there are other items on which the expenditure has been useless; public works may be said to be one of them.

8033. You say that retrenchment is necessary. Have you any practical suggestions to offer us as to how retrenchment is to be effected; in what branches of expenditure?—There is Sir William Mansfield's (now Lord Sandhurst) opinion expressed in a minute, that one commander in chief for the whole army of India would secure strength and economy. Then it has been shown that the transport of troops to and from India has been unduly expensive.

8034. *Chairman.*] Are you giving us your view or his view?—I am giving, in a few words, the pith of what Sir William Mansfield said in his minute

8035. Will you give the date of that minute?—It was dated on the eve of his departure from India, and the following passage was quoted by one of the Members in the Legislative Council: "In the course of my remarks I have adverted to the new military strength accorded to us in these days, as compared with former times, in the power for immediate combination and concentration; this reflection leads us at once to another point, namely, that in the combination of the military departments of the several presidencies into one War Department under the Government of India, with a corresponding change in the system of command in chief, may be found a measure giving at once improvement in economy and increase of strength. There should be but one War Department, which would at once in-

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volve the consequence of one Ordnance Department; in short, the concentration of the army in the largest sense in the hand of the Government of India. This need by no means interfere with the local character of the Native forces of the other Residencies, a character which, I believe a sound policy bids us carefully to maintain."

8036. You were going on to the question of transport; did you wish there to express Lord Sandhurst's view, or your own? — Merely my own, derived from the general opinion entertained amongst the mercantile community in Calcutta, that considerable economy might be effected in the transport of troops.

8037. Mr. *Fawcett.*] What is the next point to which you would refer?—There has been a good deal of waste by the system of indenting for stores through the Secretary of State.

8038. Will you explain in what way the waste has arisen?—There have been delay and errors in the execution of the indents, and in some instances where the public had the opportunity of judging, the cost of the stores was much in excess of what it would have been had the stores been procured through the ordinary channel of trade.

8039. Can you give any instances to substantiate that opinion? — I see that the only instance where the public had figures to judge by, namely, the appointment of the Calcutta Port Fund Committee, has already been brought before the Committee, in which case vessels were chartered at 59 *s.* 6 *d.* per ton during a period when the rates ranged in London for vessels to Calcutta, from 20 *s.* to 30 *s.*

8040. Mr. *Candlish.*] What date was that?—It was in 1868, between April and August.

8041. For the Abyssinian Expedition?—No, for stores required for the port of Calcutta.

8042. Mr *Fawcett.*] A defence has been made of this, has it not?—I was told that it was alleged that the vessels had to go to Sunderland: but as vessels may be had to go from London to Dundee at 10 *s.* a ton, their going to Sunderland could not cause an increase of 29 *s.* to 39 *s.*

8043. Mr. *Candlish.*] Was the 59 *s.* a time charge per month?—No, per ton of goods conveyed to Calcutta.

8044. Mr. *Fawcett.*] You say those are the only instances in which you have been able to get the figures?—Yes.

8045. Then, if you object to the present plan, what plan would you propose; that stores should be bought direct by the Government of India?—Tenders might be invited, and contracts made publicly, which would ensure the lowest price that competition could produce

8046. What other suggestions have you for retrenchment; do you not wish to offer some suggestions to the Committee as to the cost involved, and other disadvantages in the Governor General in Council going to Simla?—Well, that would involve the whole question; otherwise the expense I was told was about 40,000 *l.* But the greatest evil is the separation of the Government from the people, which deprives it of the opportunity of learning their feelings, their wants, and their opinions.

8047. I believe you have gone for 30 years into Calcutta every day. Living at Barrackpore; at least, you have resided a long time in Calcutta; but judging from your experience of the climate, do you think this peregrination is necessary for health? — The Judges of the High Court, the lawyers, the barristers, and the merchants, remain in Calcutta, and taken as a class they are as healthy as any other class.

8048. You have remained in Calcutta and have had good health?—I have.

8049. Then judging from the effect the climate has upon merchants and barristers, and other Europeans who live in Calcutta, you do not think that this peregrination is necessary for health, but simply a luxury?—A trip to the hills has been found necessary to invigorate the body, but that is generally taken during a leave of absence.

8050. But not these annual visits? — These annual absences last for seven months, and they are objectionable in other respects; for example, the public records have to be moved 1,500 miles each time, and they become inaccessible for one month on each occasion; but the greatest evil is the removing the Government from the influence of public opinion, and this is shown in the measures that have been passed since the custom of going to Simla has been adopted; Acts have been passed showing such utter ignorance of the wants and feelings of the people, that they had to be rescinded; other substituted Acts have in their turn had to be amended or repealed; for example, last year when the Council met in Calcutta one of the first matters of business brought before it was an Act introduced for repealing another Act 29 of 1871, which had been passed scarcely a month before at Simla, and for reviving some of the regulations repealed by it.

8051. Sir *Stafford Northcote.*] What was that Act? — It was an Act referring to Bengal. I did not look into the Act; but the circumstance struck me as shewing the hurried way in which the first Act must have been passed. But an Act which attracted more of my notice, was a Marriage Act intended to legalise the marriage of a certain sect of Hindoo dissenters Four years ago it was proposed to pass that Act; two Bills in succession were framed, amended, and rejected; a third Bill was proposed and forced through the Council in January last.

8052. *Chairman.*] At Simla?—No, after their arrival at Calcutta. Its immediate passing was opposed, and 30 days, to the best of my recollection, was given for any opinions to be expressed upon it. I believe the Act has subsequently been passed; but doubts are still entertained as to its propriety. This illustrates the difficulty that the Government have, isolated as they are, in really knowing the wants which they attempt to satisfy.

8053. Mr. *Candlish.*] If it were four years under consideration, would not that be adequate to reveal to the Government the wants and wishes of the people of India on that particular question? —It is not so much the wish that I refer to, as the fact that the two Bills which were framed, touched upon other vital points, and would have created a great deal of mischief. The want was clear enough, but not knowing the condition of the people, they could not satisfy it.

8054. Mr. *Fawcett.*] This plan of migrating to Simla, has grown up since you were in India?—It has.

8055. You wish to give some evidence as to retrenchments which you think could be effected in the Public Works Department, do you not? —Yes. Millions are spent upon works which are said to be reproductive, but which appear likely never to yield any return, coming up to the interest

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interest payable on the money borrowed for their construction.

8056. Beginning with the works which have been represented as most favourable in their returns, can you illustrate what you have just said, by referring to various irrigation works, and show, by quoting figures, what is the real nature that those yield, taking them in whatever order you like?—The largest work constructed by the British Government in India, is the Ganges Canal. That work was commenced about the year 1842, and opened by Lord Dalhousie in 1855, it was estimated to cost one million sterling, and had cost about two millions when it was opened. In the last report that I have seen, its cost has been increased to 2,400,000 *l.* up to the 1st of April 1871. That amount did not include the interest that had been paid on the cost of construction, nor the expenses which had been incurred for working the canal since its opening, to the extent that the earnings fell short of them. On a rough calculation I should say that the capital would now be about four millions sterling, if it included all these items. The net earnings of the canal in the year 1869–70, amounted to 95,600 *l.*, or less than 2½ per cent. on the capital. In 1870–71 the net earnings must have been smaller because the area irrigated was smaller by about 38,000 acres, but I have not seen the account relating to the latter year.

8057. You are probably aware that the figures which you have just quoted, are said not to give an adequate idea of the profit really yielded by this canal, because they simply include as earnings the amount which is levied as a direct irrigation rate, but they do not include the additional amount which is given to the land revenue, from the fact of the land being irrigated, and therefore the returns would be larger than you have represented them to be; have you any remarks to offer upon that?—The Government are in the habit of charging an increased land tax upon lands that are irrigated; but the lands irrigated by the Ganges Canal, were previously irrigated by wells, and therefore, in respect of them, there was no such collateral advantage gained.

8058. *Chairman.*] Do you know the relative cost of irrigating a given quantity of land by a pair of bullocks from a well at any given depth, as compared with the cost of irrigating the same space by a flow of water from a canal?—The canal is generally so low at the time when water is most wanted, that the water has to be lifted up also when you come to applying it to the very fields that want it.

8059. But do you know what the relative expense is of lifting water for the purpose of irrigation as between three or four feet from a canal, and 30 or 40 from a well?—I cannot say; but I am led to the conclusion that they still find it cheaper generally to irrigate by wells, as the canal water is used to a comparatively small extent.

8060. Mr. *Fawcett.*] Has it not been alleged that some disadvantage arises from this Ganges Canal by its absorbing the salt deposit that is spread over the lands?—Yes; there are tracts through which the canal passes, which are almost worthless, being covered with saline efflorescence, and during certain seasons, this is drained by surface drainage into the canal, and afterwards conveyed by the process of irrigation on other lands destroying in a measure their fertility; but there is another evil, and that is, that it has drained most of the wells that were dug in the vicinity, and the cultivator has been compelled to buy canal water after having incurred the expense of digging wells.

8061. *Chairman.*] Can you explain that physical fact; how is it that the well which is below the level of the canal, can be drained by the canal getting water into it?—The wells are not always below the surface of the canal, not in the rainy season, and that supply is drained off very fast.

8062. Mr. *Fawcett.*] You mean the surface supply?—No; the level of canal water falls faster than that of the wells; and these are drained consequently by percolation.

8063. *Chairman.*] Do you think that the level of water in a canal is below the level of water in the wells after the rains?—The canal water, owing to the great velocity of the canal, is drained off after the rains towards the month of November, and its level falls below that of the wells which have been filled by the rains.

8064. Mr. *Fawcett.*] Then what you wish to convey to us is this, as I understand you; the natives say that they have been put to the expense of digging their wells and the water is drained off from them, and they have to pay for the water which they have lost?—Yes, they might say that.

8065. You alluded to the swiftness of the water in the Ganges Canal; do you think that it has been faultily constructed, and that that has been one cause of the expense?—I have heard it universally said, that the too great slope and consequent velocity of the canal by causing a great accumulation of silt in its lower divisions, rendered a large expenditure necessary for repairs, and also compelled the closing of the canal and the consequent interruption in the work of irrigation periodically.

8066. Would you give us, as briefly as you can, the figures of some other canals, your figures are taken, I presume, from official returns?—Yes.

8067. Can you give the figures of some others, to show what you consider their rate of profit to be?—In the Punjab, the canals are reported in the Government "Gazette" to have returned in 1869–70, 107,000 *l.*, said to be 7 per cent. net on the outlay. But of that sum of 107,000 *l.*, 87,000 *l.* were earned by the Western Jumna Canal alone, a work constructed antecedent to British rule. The other canals therefore earned only about 20,000 *l.* which would be equal to only about 1½ per cent. on the outlay alluded to in the "Gazette;" but that outlay does not include interest and excess of charges over revenue in past years. Then the Orissa Canals which were commenced by a company and taken over by Government, were opened partly in 1866, and further portions have subsequently been opened. Their cost it is estimated will be 2,775,000 *l.*, when completed, and 445,000 *l.* was the sum expected as the net revenue when the completion was sanctioned by the Secretary of State on the 27th of July last. From irrigation alone 400,000 *l.* were expected, 1,600,000 acres having been assumed at 5 *s.* an acre; but this rate was found to be too high to induce the cultivators to buy the water, and it has since been reduced to one rupee or 2 *s.* an acre; so that the estimate has turned out too large by 240,000 *l.* At the reduced rate the largest area irrigated was about 150,000 acres, which at 2 *s.* would give 15,000 *l.*, and as nearly half the estimated cost of the works has now been expended,

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expended, 40,000 *l.* would be a reasonable figure to expect from the irrigation when the works are completed, instead of 400,000 *l.* the estimated figure upon which the works were sanctioned.

8068. Have you any other cases to refer to? —The works in the Madras Presidency are said to be yielding a very large profit; but the rent of the adjacent land appears to have been assumed as representing the profit from the works, and the fact that irrigation had been largely resorted to by the inhabitants, by means of tanks and other works previous to the construction of the canals, seems not to have been taken into account.

8069. Have you any figures to give with regard to any of these Madras works; is there not one Madras water supply association?—Well, it is difficult to give any figures, and the Government even, it is believed, are not in possession of figures. The Government of India issued instructions lately to have a clear and reliable record of capital, revenue, and loan operations; but it has been found that the actual cost of many of the works cannot now be ascertained.

8070. So that we never shall be able to know what they really return?—Figures may be given which will in some instances be quite arbitrary.

8071. Has not the Government, with regard to one Madras work, the one to which I have referred, expressed some opinion?—Yes, the Madras Water Supply Scheme, with regard to which the Government of India addressed to the Government of Madras a Despatch, in which the following words are used: "The Government regrets to find that the estimates have proved so unreliable that the cost of the project is now double what was originally expected, while the income expected from it is reduced to scarcely more than half of what was at first calculated on."

8072. Is that at all typical of the fact that the actual cost bears little relation to the estimates? —It is, and for this reason, that the revenue of these works is calculated upon information obtained through unreliable channels. The police and the underlings of the magistrates and collectors' courts were employed in collecting this information, and the amounts have proved unreliable

8073. You are aware that it is proposed, or has been suggested, to spend a very large additional sum in irrigation works, something like 40,000,000 *l*, has it not?—Yes; and one of the main objects of canals has been said to be the prevention of famine, but the Ganges Canal was opened in 1855, and did not prevent the dreadful famine, reported by Colonel Baird Smith, which occurred in 1860, nor the famine which occurred in 1869, and compelled the breaking up of the camp that was being formed for the Duke of Edinburgh's visit, where his Royal Highness was to have held a durbar.

8074. Do you, then, think that further expenditure on these canals of borrowed money is an imprudent expenditure?—Very.

8075. What should you say about the expenditure which has been proposed of 30,000,000 *l.*, I believe, on State railways, of borrowed money?—That it must create a necessity of further taxation when ordinary taxation has been pushed to a dangerous extent.

8076. Have you looked into the subject of railways at all Is there any evidence that you would like to give as to these State railways?—I can only refer to a fact already admitted, that is, that the railways through Rajpootana and in the Indus Valley are likely to lead to a greater loss than the railways now existing, because the country to be traversed by them is very thinly populated and comparatively very unproductive.

8077. Then you think, as the best lines of country have been already occupied, further expenditure on State railways must lead to a greater direct loss than the loss involved on the railways which have already been constructed? —Yes. Besides, if the Indus Valley Railway has been sanctioned in a military point of view, it must necessitate expenses on the Kurrachee Harbour before the present transports can get there; there is not water enough for them at present.

8078. Mr. *Beckett Denison.*] What transports are you alluding to; the large steamers which were built for the Bombay harbour?—Yes.

8079. Mr. *Fawcett.*] Have you ever looked into the accounts of the Public Works Department at all as a man of business, and have you any opinions to express with regard to their intelligibility or clearness?—In the form in which they come before the public, they cannot be criticised closely; as they are not entirely unintelligible to us, and until General Strachey explained, the other day, the difference between ordinary and extraordinary works, the impression was that the distinction was rather in the class of works than in the mode of finding the money.

8080. Then, what you mean is this, that although you take an interest in the accounts, the accounts are not presented in such a form that you can adequately understand them?—They are decidedly not.

8081. Do you think that there has been much waste and mismanagement in the Public Works Department?—There has been a great deal of waste.

8082. What would you instance as waste in barracks?—Buildings have been erected without proper supervision, and the material was bad.

8083. Can you give any instances?—The barracks at Allahabad, at Nusserabad, at Jubbulpore, and at Saugor.

8084. To what extent; were they absolutely useless?—They have been mostly reported as absolutely, or almost absolutely, useless.

8085. It was through faulty construction?—Yes. Through faulty construction. The superintending engineers have so much office work to attend to that that is believed to be the cause of their not looking more after the works themselves; and it was suggested that these works should be constructed by contractors invited publicly to tender. A similar system was inaugurated last year by tenders having been invited for the construction of the Rajpootana Railway; but the notification gave only 30 days for submitting tenders for a railway from 185 miles to 200 miles long, including a bridge over the Jumna, a very dangerous river; and the public naturally could not believe that the system of public tenders had been adopted in reality; in fact, they thought that it was a blind, and that information must have previously been given to certain parties, who were thus able to tender with more certainty.

8086. Is there any other point on which you would like to remark with regard to public works? —There is a minute of Lord Mayo, of November 1870,

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1870, in which he recapitulates the mistakes made with regard to the barracks at Allahabad, and severely censures certain officers in the department, but I believe that the paper has been laid on the table of the House of Commons.

8087. Those barracks after being erected at very great cost, tumbled down, did they not, or were pronounced to be unsafe?—Allusion is made principally to a building that came down in the course of construction, when a number of the workmen were killed in consequence.

8088. And Lord Mayo censures the engineers, you say?—Very severely, and awarded them punishment.

8089. You wish to express your opinion, do not you, on two Acts on the Punjab Canal Act, and on the Land Improvement Act. Would you tell the Committee what you wish to say about them, if you please?—The Punjaub Canal Act enables the Government to impress labour; in fact it reduces a large section of the population to serfdom, and seeks justification in this respect in the fact that in certain parts of the Punjaub the population were already subjected to something of the sort. This Act, however, extends it from the chers, who were a sort of serfs and used to be impressed, to the whole class described as persons exercising any handicraft; I forget the exact words, but it would include the whole industrial class, and the action of the Act was extended over the whole surface of the Punjaub. The Act was intended at first to extend also to the North Western Provinces, to the Central Provinces, and to Oude; it has the effect of introducing and legalising serfdom, while the tendency of the British Legislation has hitherto been to annihilate all traces of slavery in India.

8090. Do you think it would be likely to lead to great abuse from men being impressed with a view of their bribing the men who impressed them?—It is certain to lead to great abuse, because these men would have to be impressed through the underlings in the Canal Department, and through the police, and we know from past experience what will be the process. When 100 men are required, double the number will be impressed in order to compel a number of them to purchase their release by means of bribes

8091. What do you wish to say with reference to the Land Improvement Act; when was that Act passed?—It was an Act passed in September or October of last year at Simla. It provided for money to be borrowed by the Government, and lent on the security of land for the purpose of draining, clearing, inclosing, and irrigating, and was thought necessary because a very high rate of interest has to be paid for loans on the security of land in the open market; but the cause of the high rates ruling in India is, in a great measure, a certain Act or Regulation passed in 1806 (Regulation 16), which is supposed to nullify any power of sale that is contained in a mortgage deed.

8092. Then what is the exact nature of your objection to the Act?—That it unduly restricts the applications of capital to loans on the security of land. Under that Regulation, if a man lends money for three years, and it is not repaid at the end of that time, he cannot sell the land that is mortgaged to him and thus recover his money, whether such power of sale be agreed upon or not, but he must give a notice of non-payment to the court, and the judge has to communicate this notice to the borrower, and intimate to him that if he does not repay the money within one year after such intimation, the mortgage will be foreclosed. The term may easily be prolonged through chicanery or bribe, by preventing the process of the court being served; so that eventually a man who lends money, relying on having it back at a certain period, has no certainty of receiving it at the stipulated period. Moreover, the land mortgaged is often neglected, and sometimes exhausted during the litigation, and if it ultimately falls into the hands of the lender, it is much depreciated. This circumstance has greatly restricted the application of capital to loans on the security of land; and landed property, which is considered the best security in all civilised countries, is considered in India the very worst. My object is to show that if that old Regulation were removed, capital would flow in the country for agricultural purposes, and the rate of interest for loans on the security of land would diminish, rendering this new Act perfectly unnecessary.

8093. So that your object would be to repeal the old Act, with the view of getting as much capital supplied by private enterprise, and not by Government, spent on the land?—Yes. The old Regulation would appear to be entirely a mistake. Its preamble sets forth that it is intended to prevent improvident sales; and instead of helping a man who wants to borrow, it aggravates his position by increasing the rate of interest.

8094. *Chairman.*] Exactly what is done by the law of this country. If a poor man wants to borrow money on anything, the law requires him to have 12 months to redeem it Is not that the law in this country?—I do not know.

8095. Mr. *Fawcett.*] Is the interest in India on landed security higher than the interest on personal security?—Much higher. It varies from 12 to 25 per cent., while, on personal security, you can get money in Calcutta and in all the larger cities at rates varying from 6 to 10 per cent.

8096. Are there any other points that you would like to mention on which I have not examined you?—I would remark that there is a large expenditure on the police of the country exceeding 2,000,000 *l.* sterling. The expenditure has increased of late years while the efficiency of the police has been lessened.

8097. In what way has the efficiency been diminished?—From want of proper control over the police. To explain my meaning further, I will just give an illustration of the way in which the police act, which will show not only that they are inefficient, corrupt, and oppressive, which they notoriously are, but why men prefer generally putting up with loss and robbery, rather than apply to the authorities for relief from fear of oppression and extortion at the hands of the police. When a crime is committed in a village it is a common practice of the police to arrest as witnesses as many persons as they can, intimating to them that they will have to go to the magistrate to depose. The magistrate's court may be five miles, or 25 miles distant; it is in vain for them to protest that they do not know anything about the case; all the answer they get is, "We shall see that at the trial," and witnesses are detained at the magistrate's court, weeks and even months, and are generally treated as prisoners, on the plea that they might not be found at the time when the case is brought on for hearing. Meanwhile their fields and flocks and their shops are neglected,

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glected, and their families left without protection, and sometimes without subsistence. The threat, therefore, to take them to the magistrate's court, is quite sufficient to bring forth a very rich harvest of bribes, and this is the common practice.

8098. Do you think that it would be wise, instead of spending so much money in trying to increase the property of India, to spend a little more to make what there is more secure?—No doubt; millions have been spent to enrich the people while they are not protected in the preservation of what they already possess. But as the expenditure on the police has been already much increased, and as the people are still without sufficient protection, I would like to make a suggestion which, while it would entail no burden on the Exchequer, might be found to answer, as the system has already been tried to a limited extent, and found to succeed; I mean the appointment of a larger number of honorary magistrates selected from Native and European residents of respectability. The great advantage would be that you would have men who would be living among the people and would know them, and who could discern between false evidence and truth to a great extent; while the stipendiary magistrates are so few that they are scarcely accessible to the people, and as they are frequently moved from station to station under the present practice, they have no opportunity of knowing the people that surround them.

8099. Have you anything more to add?—As I have made this statement with regard to the police, would you allow me to put in an extract from the last police reports?

8100. Will you read it if you please?—It is a review of the North Western Provinces police in 1870 published last year. Before reading it I had better make a few remarks, which will at once show the pith of the passage that I refer to. With a view of checking the practice of arresting men as criminals, without sufficient evidence of their guilt, a standard was fixed according to which the police were expected on an average to prove the guilt of four out of every five men arrested by them. Of 37 districts which compose the North Western Provinces, only eight were found to conform to this standard in the review that I am going to quote. The adoption of a standard of this sort will, however, not show the number of innocent persons arrested who had purchased their release before they were sent for trial; nor does it provide for the protection of another very numerous class, namely, the witnesses arbitrarily taken into custody in the manner I have mentioned before. The same review also discloses the fact that one out of every seven persons that were convicted during that year, 1870, would not have been brought to trial at all, but for extraneous pressure exercised upon the police. These are the words used in that review: "If the police claim to escape the discredit of the acquittal of persons not arrested by themselves" (that refers to the first standard) "they must accept the perhaps greater discredit of not having arrested the persons who have been convicted." The document shows altogether an appreciation of the very inefficient state of the police and of its corrupt condition. By having a great number of honorary magistrates justice could be brought nearer to the doors of the people, and the magistrates would know personally most of the men who would appear before them, an advantage of great importance in a country where the rulers are of a foreign race, and hold no social intercourse with the people.

8101. Mr. *Beach.*] Did I rightly understand you to say that you considered it an economical system to irrigate by means of wells?—To the Government decidedly, because their irrigation works have not earned the interest on the money borrowed for their construction. And to the people we must suppose it must be so also, because they have used the canal water, notwithstanding all the pressure and the inducements exercised, to a very small extent, and have disappointed us altogether as to the extent of the usage.

8102. It was one of the great complaints made against the Government, was it not, formerly that they had taken no means to provide water sufficient for the wants of the people?—I believe that must have been from people ignorant of India, or interested in the construction of works; for the Ganges Canal was constructed in a country which was already irrigated by wells.

8103. But do you consider wells sufficient by themselves to irrigate a country?—It has been sufficient to develop the productiveness of the country wherever the Land Tax has not been oppressive; wells and tanks.

8104. With regard to railways, would it not be absolutely necessary to complete a railway in order to make a complete chain of communication?—Yes; and I understand that the chain has been completed now, the scheme that was put forth in Lord Dalhousie's time; but the railroads that are now being proposed and about to be constructed are outside of that scheme, and as the railroads already constructed are leaving a very heavy loss annually, I think that before constructing new railroads it might be better to improve the working of the present lines and make them earn at least as much as the people have to pay for them in the way of guaranteed interest.

8105. It is your opinion at all events that the general expenditure in India is too large?—I cannot object to works which are reasonably expected to yield sufficient profit to cover the interest payable on their outlay; but the canals that have been constructed by the British Government in India have failed to fulfil that condition almost without an exception.

8106. That is only with regard to remunerative works?—Yes.

8107. Sir *David Wedderburn.*] With regard to what you said about the Punjaub Canal Act, will you explain exactly in whose hands that power of oppression to which you have referred lies?—The initiative is in the hands of the canal officers, but the execution lies in the hands of the underlings of that department or the police.

8108. And who are the canal officers?—Europeans taken either from the Army or from the Civil Engineers.

8109. I suppose you could not give any special cases of oppression under that Act; merely that you generally suppose that oppression would arise?—I only speak from analogy. The Act is a very recent one, and I have not heard of any action having as yet been taken under the clause in question. But there is a thing which, although illegal, is resorted to in India, and that is the impressment of carts and boats frequently for the movement of troops. In those instances the general practice with the underlings charged with impressing the carts is to impress a much larger number than is wanted, and to extort money from a number of the carters before releasing them.

8110. Upon what grounds were these powers of impressment conferred on the canal officers?—That sufficient labour could not be procured within a limited time

8111. Then with regard to the exaction and corruption of the police, do you think that those proceed in any degree from the police being insufficiently paid?—No, I think they proceed from want of controlling power.

8112. Controlling power on the part of the European officers?—Yes.

8113. You said just now that money could be obtained much more cheaply on personal than on landed security. I should like you to explain, if you please, what you mean exactly by personal security?—I mean the known or supposed solvency of a man.

8114. Mr *Bazley*.] In regard to the proposed expenditure upon these railways you said that it was proposed to lay out 30,000,000 *l.* upon railways?—£28,000,000 was the figure mentioned, I believe, in Lord Mayo's speech of the 31st March 1871.

8115. Has any system been framed and published, do you know; is anything known to the public of what those lines are to be?—They are supposed to be the lines through Rajpootana and through the Indus valley.

8116. And are they planned on the same system as those already existing?—They are to be on a smaller gauge, but there seems to be great doubt whether the economy from adopting a smaller gauge will be as great as it is expected to be.

8117. Are you aware whether proper estimates have been made of the probable receipts and working expenses of the new lines?—I only heard General Strachey state that they were likely to entail a loss of only 30,000 *l.* or 40,000 *l* per annum on the Government, and I considered that estimate much too small.

8118. Do you think that that is a general estimate, or one made after detailed inquiry?—General Strachey gave no figures.

8119. You are aware, I suppose, that some time ago a proposal was made to introduce a system of cheap railways, tramways in connection with the leading lines. Has anything been done to carry out that idea, as far as you are aware?—A line was proposed last year to connect the Eastern Bengal Railway with the East Indian Railway, by bringing it as far as the river side, opposite the Howrah terminus; but, the great want is that of a bridge connecting the two railways. Such a bridge would also put the metropolis in uninterrupted communication with Western and Northern India. At present a line of 1,500 miles from Mooltan and one of 1,400 miles from Bombay converge at Allahabad, and bring their joint traffic to Howrah, opposite Calcutta There the traffic is stopped by 600 yards of water which separate the great terminus from the metropolis, and it is now carried on partly in a small steam-ferry, which cannot supply a hundredth part of the wants, and the rest in small crafts, over a river which is notoriously dangerous.

8120. That is a great engineering question of itself; but I wish to ask you whether you are of opinion that a cheap system of tram-railways would be successful in India, in supplement to the great lines of railway now existing?—No doubt they would if judiciously applied, but the people must be consulted on the subject.

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8121. I understand you to mean by that that it would be a great question whether the expenses would be covered by the receipts, that that would be very doubtful?—Exactly.

8122. Mr. *Beckett Denison.*] You told the Committee about these large barracks which have been described either as useless or as great sun traps. Were they not constructed in consequence of the reports and the recommendations of an army commission, presided over by Mr. Strachey, a member of Council?—I believe they were.

8123. Speaking of irrigation, have you personally a local knowledge of any system of canal irrigation?—I have looked at the Ganges Canal with some interest.

8124. But you have not resided in a district in which there has been a canal system at work?—No.

8125 What do you conceive to be the radical vice of the canal works; are they too costly in their conception, or is it some defect in their working?—Both.

8126 Do you think that a system of canals of the same conception as those that are known by the name of the Western Jumna Canals, would be preferable to the costly works which we know under the name of the Ganges Canal?—We can judge of that point only by the results, and there is no doubt that the Eastern and Western Jumna Canals, which were constructed by the natives before our rule, have done their works well, and they are reported to be very remunerative, but it must be remembered that the sum expended in restoring them has been looked upon as the capital outlay, and that they could not have been constructed for that sum, although they cost us nothing beyond.

8127. Is the objection of the agricultural classes to take the water wholly founded upon the expense, or is it owing to the necessity of being compelled to take a larger quantity than is required for their purpose?—I believe it is purely owing to the cost to them; it is a matter of calculation with them what the cost of irrigation will be

8128. Not at all founded upon the fact that their fields are kept for a longer time under flood or irrigation than is really requisite for agricultural purposes?—I could not speak to that point; but there is another objection, namely, that it brings them under the authority of the canal officers, the underlings of which department are oppressive.

8129. Is the canal rent collected separately from the land rent, or is it now collected by one and the same set of officers?—I could not answer that question.

8130. In the district of which you have personal knowledge, was the system of honorary magistrates tried?—It was.

8131. What is that district?—Purneah.

8132. What number of honorary magistrates may there be in that district?—I do not know exactly the number, but I have been frequently told by judges of the High Court of Calcutta who received reports on the administration of these magistrates, that the reports were satisfactory; and one of them, being a friend of mine, I had an opportunity of knowing what an advantage it was to the people to be able to apply to a person who was known to them, and who was close at hand, while they would have had to travel 20 or 25 miles to reach the stipendiary magistrate.

8133. Are these gentlemen who are honorary magistrates,

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magistrates, partly Natives and partly European planters?—They were mostly Europeans, but I think that Native gentlemen might also be employed with advantage.

8134. Were they gentlemen connnected with the agriculture of the district?—Yes.

8135. Has there not hitherto been a difficulty in making European gentlemen honorary magistrates, owing to their being large employers of labour, and connected by agricultural contracts with the cultivating classes?—Well, if the person is objectionable on any account, it can easily be found out, and those persons ought to be avoided; but I know that an indigo planter in Purmeah was selected, and the results have been most favourable.

8136. There is generally a better feeling existing now, is there not, between these honorary magistrates, the European planters, and the agricultural classes, than there was some years ago?—Well, the experiment is a recent one, and I do not know that there is much scope for comparison.

8137. Do you think that things are pretty much now what they were a dozen or twenty years ago?—I believe that the system of honorary magistrates was introduced subsequently to the Mutiny.

8138. Yes, I am well aware of that, but my question was more general than that I asked you whether it is not the case that there is now a better feeling between the agricultural classes of Bengal and the European planters than there was some years ago?—No, I do not think there is much change in that respect.

8139. But you still think that the system of honorary magistracy might be widely extended with great benefit to the country?—I do, certainly.

8140. Does not a great deal of the evil of the police system proceed from the character of the people, which induces them in all the violent and heinous crimes to remain passive, or work against the police?—No, I believe it arises from the inability of the people to obtain redress from the oppression of the police, who are thereby led to exercise that oppression for the sake of extorting money.

8141. Do you think that oppression would be possible unless the population itself was quiescent or weak spirited?—I certainly do, because whenever complaint has been lodged against the police, it has failed, owing to the power which the police have of disproving the statements made against them, by means of false witnesses and by preventing the witnesses of the complainants from appearing.

8142. Do you know of any civilised country where there is not some oppression on the part of those to whom you refer?—I never heard of a country where the oppression was worse than it is in India.

8143. Do you know anything of China?—Very little.

8144. Did I rightly understand you to give the opinion that the railways now projected by the Government, and being constructed under Government superintendence were commercially certain to be failures?—Yes.

8145. Mr. *Bourke.*] Which railroads?—The Indus valley and the Rajpootana lines.

8146. Mr. *Beckett Denison.*] Then they are lines which must be regarded entirely from their military and political point of view?—Exactly; but I do not know that the burden that they will create has been accurately or carefully estimated.

8147. Mr. *Bourke.*] About the Rajpootana line; what estimates have you seen?—I have not seen any estimates. I have seen the advertisement calling for tenders.

8148. I thought you said that the estimates you had seen or heard of led you to suppose that the line would be unremunerative?—No; I went upon the general result obtained from the railways already constructed, and I considered that the reduction of the gauge would not constitute a sufficient economy to counterbalance the other disadvantages.

8149. How much is the Rajpootana line to cost per mile?—I could not answer the question.

8150. But does it not entirely depend upon that whether it would be unremunerative or not?—In Rajpootana fuel and labour are scarce, and railways are not likely to cost much less there than in any other part of India.

8151. Do you know whether the maharajah of Jeypoor is of the same opinion?—I do not.

8152. Do not you think that he would be a good judge on that question?—Well, I should say not, as he has had no experience in the matter.

8153. Why?—Because he has never undertaken the construction of a railway.

8154. Does he not know what the requirements of his country are?—He may, and yet not be able to compute the ultimate cost of a railway.

8155. Do you know whether the maharajahs of Jepore and Bhurtpore, and the other rajahs who will be benefited by this railroad, are in favour of it or not?—I believe they are. They might have accepted the estimate made of the probable cost; but as the estimates in every case have been exceeded, I should say that they will be exposed to disappointment if they expect that, in this instance, the estimates will turn out correct.

8156. But you are not prepared to dispute the estimates that have been made with regard to this Rajpootana line?—I have not seen them.

8157. You spoke about cheap railroads, and said you thought they might be beneficially introduced into India; what, per mile, do you call a cheap railroad?—I believe the gentleman who asked me that question referred more to tramroads worked by horses.

8158. And you would rather have a tramroad worked by horses than a cheap railroad?—No. I merely answered that question with reference to a tramroad projected from the terminus of the Eastern Bengal Railroad to the river side, the opposite terminus of the East Indian Railroad.

8159. But there is to be a bridge is there not across the river there?—A bridge has been much wanted for the last 20 years.

8160. And do you think that a tramroad would be better than a railroad?—I could not express an opinion upon that; I merely answered the question whether a tramroad is likely to pay, and I said yes, but perhaps the railroad might be better; I have not looked into the question, and therefore could not answer that.

8161. You thought that a tramroad would be a beneficial work?—I thought it would in that case, and wherever it was judiciously applied.

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8162. Do you know how much a mile it would take to make a tramroad in such a district near Calcutta?—I have seen some calculations, but could not speak from memory.

8163. You do not know at all?—No.

8164. Mr. *Lyttelton.*] What redress does the law give to a man who has been over assessed, or who has been assessed, although his income falls below the limit?—When the assessment has been proved to be too much, it is reduced or cancelled as the case may be, but there is no other redress although the man may have been put to great loss and great suffering by having to attend the office.

8165. What is the machinery of appeal in that case?—The appeal has to be made to the commissioner of the district.

8166. He holds courts where appeals from assessments are heard, I presume you mean?—Yes.

8167. Are they held frequently, and is the process a cheap one?—No; they have to pay a stamp on the paper on which they appeal, and moreover, it is very expensive to the people themselves, because, not knowing the provisions of the Act, they are obliged to employ professional men.

8168. The people of Bengal are extremely litigious, I believe?—That has sometimes been the opinion expressed, but I believe that litigiousness is engendered wherever there is, as in India, an extraordinary degree of uncertainty in the administration of the law, as it encourages men to resort to law as a means of making money, as they would in a manner resort to gambling.

8169. But in this particular instance we rightly understand that this process of appeal is so distasteful, that rather than have resort to it they will leave the country or suffer in silence from these burdens?—Exactly, that has been the case; in the whole of the lower provinces, I believe, there were only 57 cases of appeal, and the authorities expressed their conviction that the appeals were not greater because the people had not the means of appealing, neither the pecuniary means nor the time.

8170. Do not you consider that a very grave reflection upon our system of administration of law and justice?—It is, indeed, a very grave reflection; and in the last report on the income tax in the lower provinces will be found passages confirming what I have stated.

8171. Can you tell me what the amount of the stamp tax in such cases would be?—I believe it is eight annas, or one shilling, which is, after all, the tenth part of a poor labourer's earnings for a whole month.

8172. It is a fixed duty, and not *ad valorem?*—Not *ad valorem.*

8173. I think I heard you say that a tax on tobacco has been locally raised. Can you tell where?—I mentioned only that it was one of the taxes which it was proposed to raise.

8174. It has not been imposed?—No.

8175. Lord *E. Fitzmaurice.*] A tobacco tax would be very unpopular, would it not?—It would, and oppressive, inasmuch as labourers and boatmen resort to tobacco instead of food for several hours of the day.

8176. Sir *Stafford Northcote.*] I understood you to say just now that you objected to the expense incurred in the migration of the Government to Simla from year to year, not only on the ground of its being costly, but on the ground that Government, when at Simla, was removed from the influence of public opinion. Is that your view?—It is.

8177. Would you state in what way the Government of India, when it is at Simla, is less under the influence of public opinion than when it is at Calcutta?—Because the members of the Council, while at Simla, have no opportunities of learning from the people their sentiments on the subjects that are submitted for their consideration.

8178. What do you mean by public opinion; the public opinion of India generally, or the public opinion of the community of Calcutta in particular?—The public opinion of India generally finds its expression through the upper classes to the Government, and in Calcutta where people congregate from all parts of India, public opinion is expressed more clearly.

8179. Do you think therefore that the Government have a better chance of obtaining the public opinion of the people in the Punjaub, for instance, or in Rajpootana, or in Mysore, at Calcutta, than they have at Simla?—They have a better opportunity at Calcutta, because at Simla the information can be obtained only through subordinate officials who have generally, in such cases, proved unreliable.

8180. Do you think it would be safe for the Government, sitting at Calcutta, to rely for the opinion of the Punjaub, for instance, upon the people whom it might meet in society or in business in Calcutta?—Perhaps not as regards matters special to the Punjaub.

8181. Similarly with regard to matters special to the Central Provinces; do you suppose that it would be so?—Well, the Central Provinces are, I believe, better represented at Bombay and in Calcutta than they are on the spot.

8182. But at Calcutta there is a considerable amount of what may be called English commercial public opinion, is there not?—There is.

8183. That kind of public opinion may be collected with greater advantage there than at Simla?—It may, certainly.

8184. And I suppose it would be the case that the Government, if it were permanently located at Calcutta, would be more under the influence of English commercial opinion than if it migrates to Simla?—Such opinion would carry with the Government only the weight to which it would be legitimately entitled; seeing the class from which it emanated it would represent the interests of the commercial classes.

8185. But now with regard to the public opinion of the Punjab, or of any distant portions of India, Burmah, or anywhere else, would not the Government sitting at Simla have nearly the same advantage in the way of receiving communications from the local governments, in the way of perceiving what the tone of the public press was, and otherwise of collecting opinions there as it would have at Calcutta?—I do not think so, from this fact that, the opinions reflected by the officials in the Punjab, or in Burmah, are generally gathered through subordinate and irresponsible native officers, and it has been found that they fail to represent the real feelings of the people, while in Calcutta there are wealthy and educated persons from the Punjab and from Burmah, and others who are acquainted with and interested in the welfare of those countries.

8186. But do you think that at Calcutta you would get any better representation of the real feelings of the people of the Punjab, or of Burmah?

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Burmah?—There is this better chance, that there is more discussion of public matters in these populated centres.

8187. But that discussion is carried on mainly either by Bengalese, or by the English commercial community, is it not?—By the natives not only of Bengal, but from all parts of India, congregated in Calcutta, and by Europeans.

8188. Now with regard to such a question as the advantages of carrying a railway through Rajpootana: for instance, do you think that you would have better means of getting at the feelings of the people of Rajpootana at Calcutta, than you would have at Simla?—Well, I do not consider that that matter has anything to do with the feelings of the people. I look upon it entirely in a financial point of view.

8189. Do you think that the people of Calcutta know much more upon that point than the Government could collect at Simla?—On the point of the cost of this railway?

8190. No; as to the general advantages of the line, both as to its directly remunerative character, and as to its prospective advantages in opening up the country?—The people in Calcutta generally believe that the information collected by the Government on such points has been incorrect, judging partly from results, and partly from the unreliable channels through which the information is obtained.

8191. The commercial community in Calcutta are very much occupied in attending to their own business, naturally, are they not?—They are

8192. Do you suppose that they have as good general information upon questions of the administration of India, and especially of the more distant parts as are at the command of Government?—Not on technical points; but with reference to the feelings of the people, and the effect which the administration has on the people, I think they have better information.

8193 And you think, therefore, that it would be safer to rely upon the opinion that is to be found floating about amongst the commercial community of Calcutta than upon the information collected by the Government through the means that it at present uses?—If a comparison were made, I should find it difficult to decide; but I think that the best way of arriving at the real feelings of the people would be to consult them in as direct a manner as possible.

8194. Then you would not, for instance, take the opinions of the people of India generally upon the income tax through the medium of the Calcutta public, but through some machiney for getting at the opinions of the people in each different province?—Exactly; but I think that that opinion has been so clearly expressed that there can no longer be any doubt about it. The Calcutta public have only confirmed it.

8195. I am not asking you with reference to that particular tax, but with reference to the means that you would propose for getting at those feelings. Now, it is the general opinion amongst the community with whom you are conversant, that several of the taxes that are now imposed, and particularly the income tax, are very objectionable?—It is.

8196. And that they should therefore be repealed?—Exactly.

8197. Are there any taxes that you would suggest that should be imposed in lieu of these?—No; I think that it ought to be met by retrenchment in the expenditure.

8198. And that is the general opinion of the community in Calcutta?—It is the general opinion of the community, not only in Calcutta, but wherever I have conversed on the subject with men who had any opinion on it.

8199. With regard to these taxes, besides the income tax, you object to the various local taxes?—I do.

8200. And are there any other taxes that you object to?—What I object to is not only to the amount, but to the variety and to the uncertainty in the incidence of the taxes, whereby the establishment employed for the collection is enabled to extort money on its own account by misrepresentations and threats.

8201. Then is it to the tax, or to the mode of raising the tax, that you object?—I object to the tax, because from its own form you cannot collect it otherwise than it has been collected.

8202. Therefore you would say, do away with the income tax, and do away with these local cesses?—Yes.

8203. With regard to other sources of revenue, are you of opinion that the opium revenue is one that can safely be relied upon?—Fears have been expressed of our being shut out of the markets in China; and I should say that the only means of guarding against such a contingency would be to produce opium in as large a quantity as possible, and undersell the Chinese producers.

8204. But you think that even so we must feel that the opium revenue is a somewhat critical one?—Well, it has been comparatively so steady that no real anxiety as to its being materially diminished need be entertained, I think.

8205. Do you think that much more is to be expected from the customs revenue than has been received?—I think not.

8206. Do you think that much more is to be made out of the salt revenue than is now made?—I think that the salt duty is already too high, and that a reduction would be financially beneficial by increasing the consumption.

8207. With regard to stamps, do you think that much more is to be raised in that way?—I do not.

8208. You can point to no other branch of revenue from which we may expect any material increase?—No; I think that the increase has been already too rapid of late.

8209. Then we come to this conclusion, which, indeed, you have expressed already, that a very considerable reduction of expenditure is necessary?—Exactly.

8210. And I understand you to say that it is the belief of yourself and of others that there are the means of making that sufficient reduction?—Yes.

8211. I suppose you do not advocate the policy of increasing debt, do you?—Not for ordinary expenditure.

8212. Do you advocate the policy of raising debt for any particular purposes?—The debt might legitimately, I think, be increased, if the application of the money was to be in channels in which it was reasonable to expect that the whole of the country would be benefited, and no charge would fall on the State; that is to say, that the works would produce sufficient to pay the interest on the loans.

8213. And not only the interest, but a sinking fund?—And a sinking fund, of course.

8214. Do you suppose that there are works of

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of that kind to be undertaken?—Well, they have not been found by the Government.

8215. Are you aware that it was the principle advocated with regard to the irrigation works, which were to be paid out of borrowed money, that they should be constructed on that principle, and the accounts kept on that principle?—I am aware of that, but experience has failed to show that it is possible.

8216. If it cannot be done for irrigation works, is it likely that it can be done on any large scale for other classes of works?—I scarcely think it can.

8217. Then we must not reckon on any considerable amount of work to be done on that principle?—No, it might be done by private capital.

8218. Now even as matters stand at present, with these various taxes in force, we find it very difficult to keep the balance of income and expenditure, do we not?—Yes, there have been years of deficit.

8219. And what are the points upon which you think that the expenditure may be so largely reduced as to enable us to dispense with these taxes, you spoke of the consolidation of the armies, and the reduction of the transport of troops?—Yes; and a better control over the commissariat expenses, which are very great

8220. And you have a general impression that some reductions may be made in that direction which will materially affect the expenditure?—Yes, and the construction of public works, such as those which are designated as reproductive, but which have turned out to be a source of loss were stopped, an increase of taxation would in a great measure be avoided.

8221. Of those measures that you speak of, the stoppage of the public works would be by far the largest, would it not?—It would form a large item, but I think that considerable sums might also be saved under other heads. There is not sufficient control exercised over the expense. An investigation made last year into the printing department of the Bengal Secretariat disclosed many irregularities.

8222. Is it not the case that somewhat exaggerated opinions are prevalent at Calcutta and elsewhere, with regard to the amount of economy that might be effected in these various ways; for instance, with regard to the transport of troops, have you ever heard the opinion expressed that it would be cheaper to take the troops as first-class passengers by Peninsular and Oriental steamers than to bring them by the present system?—I have heard that opinion expressed.

8223. And that, whether it be taken literally or not, expresses an opinion on the part of the public that the transport system is enormously extravagant?—Yes.

8224. Do you think that that opinion is founded upon sufficient knowledge of the real facts of the case?—I believe that there is enough to ground it upon to warrant a close investigation into the question.

8225. I suppose under any system of Government close investigation ought to be frequently exercised as to the expenditure that takes place?—Certainly, as a general rule; but this would appear to be a case calling more especially for close investigation.

8226. You think that this is one of the particular points to which attention ought to be directed?—Yes.

8227. With regard to irrigation works, I should like to know whether you are of opinion, supposing that there was no difficulty about finding the funds, that they are or are not of great value to India?—I believe that the works that have been constructed by the British Government, so far, are not; and I judge from the unwillingness of the people to buy the water at a price that will at all cover the charge created by those works.

8228. Should you be content as an European resident in India to see irrigation schemes entirely put aside?—By the Government, decidedly.

8229. And you would leave them to private enterprise?—Exactly

8230. Do you suppose that any money would be forthcoming on private account?—I believe there would, and my ground for believing it is that there was once a scheme which emanated from Manchester capitalists to buy the Ganges Canal from the Government, and to improve it and make it pay

8231. With a Government guarantee or without one?—With their own funds.

8232. But would they expect any guarantee upon those funds?—No.

8233. Was that scheme ever brought to any practical bearing?—I believe not; but I heard of it from the engineer who constructed the Eastern Bengal Railway, and who happened to be a fellow passenger of mine at the same time as Sir George Edmondstone, Lieutenant Governor of the North Western Provinces.

8234. Do you know how long ago that was?—It was in the early part of 1863.

8235. Now, do you think that the knowledge that certain persons had ten years or nine years ago projected the purchase of the Ganges Canal, and have never brought their project to bear, is a sufficient ground for thinking that private capital would be introduced into India to make works of irrigation without a Government guarantee?—In that case Sir George Edmondstone said distinctly that the Government would never consent to sell the Ganges Canal. It indicated, however, that English capitalists were willing to embark their capital in works in India, if they thought that such works were likely to prove remunerative.

8236. Have you heard of any case in which private capital has been invested in Indian works without a Government guarantee?—Large private undertakings.

8237. But I am speaking of works of the character of the great irrigation works?—Of any irrigation works, I have not heard.

8238. Did you ever hear of the Orissa Company?—Yes, but I understood that there was a guarantee in that case.

8239. Are you not aware that it was originally started without any Government guarantee?—No, I was not aware of it.

8240. But when you speak upon what can and cannot be done with regard to works of this character in India, are we to understand that you have paid attention to the subject, and that you are acquainted practically with what has been attempted, and with what the results of those attempts have been?—With regard to public works, I have not heard of any besides the Orissa Canal undertaken by private capital.

8241. But you had not heard of that it seems?—I had heard of it, but was mistaken in supposing that a Goverrment guarantee had been obtained.

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8242. You were not aware that it was originally established on the principle of private enterprise without a Government guarantee?—I had not; and I am at a loss, therefore, now to know why Government took it over at all.

8243. In fact you have not studied the history of that undertaking?—Not very completely.

8244. But it was an undertaking on a large scale, was it not?—It was.

8245. And one which ought to be suggestive to the student of the history of these undertakings?—Yes; I think it should.

8246. You spoke just now of the expenditure upon the Indus Valley Railway, and you referred to the necessity which it would entail of a large expenditure at Kurrachee; would you explain what you mean by that?—I understand that there is not water enough in the Kurrachee Harbour for the Government transports now existing.

8247. And that it would therefore be necessary to undertake works at Kurrachee to introduce them?—Exactly.

8248. But are there not works now going on at Kurrachee?—I believe there are if they have not been interrupted.

8249. Are you aware that by far the greater part of the expense that would be necessary to convert Kurrachee into a harbour capable of receiving troop ships has already been incurred?—I have heard opinions different from that, and to the effect that the expense yet to be incurred would be much larger than what has already been incurred.

8250. Should you be very much surprised to hear that about a quarter of a million has been expended, and that I think, speaking roughly, only about 40,000*l.* remains to be expended to complete the works?—Well I was not aware of those figures.

8251. Sir *C. Wingfield.*] When you said that there was an absence of public opinion at Simla; is it not the case that when the council meets at Simla the independent members, the commercial members as they are called, are not present?—They are not present.

8252. Therefore their absence would diminish, in your opinion, the amount of public opinion under which the council would act at Simla?—They are supposed to have been appointed for the purpose of enabling the Government to ascertain through them something of public opinion; but I do not know that they can be taken as representatives of public opinion in general.

8253. Do you know whether the reason why they do not attend at Simla is that they are not summoned, or is it that they do not care to go?—Their avocations would be in the way.

8254. But are they summoned?—I believe that there would be no objection to their being admitted there, but it is an impossibilty; men are selected who are known not to be able to leave Calcutta.

8255. Would they be paid their expenses if they went to Simla?—I cannot say as I never heard of any demand for such expenses having been made.

8256. I believe too that the members from the other presidencies are not always summoned to the Council at Simla, are they?—They are not; and at the discussion on the Punjaub Act the members for the North Western Provinces and Madras were not present.

8257. So that in fact at these councils held at Simla, only a limited body of councillors are present?—Yes, as compared to the whole body.

8258. Mr. *Bourke.*] When you have said that those gentlemen were selected for the council who could not leave Calcutta, you alluded to the European members, I suppose?—Exactly. Of the native members some have been able to attend.

8259. Mr. *R. Fowler.*] You spoke of the police oppressing the people to extort money; is it a common thing in India?—It is almost a universal practice.

8260. In every part of India?—In every part of India.

8261. That is the native police, of course?—It is the native police, and the cause of it is want of sufficient control over the native police.

8262. Of course, the attention of the Government has been called to that?—Over and over again, and it is well aware of the evil.

8263. What means has it adopted to check it?—Means very insufficient, because more theoretical than practical: and changes have been made too in the last ten years, the result of which, it is believed generally, has been to make the police almost worse by diminishing the control that formerly existed over it.

8264. The police are paid by the Government?—They are.

8265. Mr. *Dickinson.*] How many native members of council are there?—Three, two of whom, the rajahs of Puthiala and Jeypore are not British subjects.

8266. What arrangement is made for their going to Simla?—In one or two instances they have attended, and I believe they have attended at their own expense.

8267. Simla would not be selected for their convenience?—Decidedly not.

8268. Nor for the convenience of any but the official members?—Exactly so.

8269. Does not the same vice exist at Bombay of the council going away, or the Government going away?—If you mean the local council of the Bombay Government leaving for the hills, I did not know that the council was held away from Bombay.

8270. Mr. *Beckett Denison.*] You have an intimate knowledge of the native population, of course?—I have conversed with them frequently.

8271. I mean you have lived among them?—Yes.

8272. What do you take to be the minimum expense at which a man can go into any court, police, or revenue court, to make any plaint whatsoever, taking first the cost of his plaint, then the cost of the attorney, and the cost of his expenses. We know that the amount varies, but what will the minimum be?—Men are taxed in such cases according to their means, and as a rule you might say that a man would have to spend at least a month's eanings before he could get a hearing.

8273. There is the plaint at eight annas, is there not?—Yes.

8274. Then the attorney would be two rupees?—Yes, or more, if he thought that the man could pay it.

8275. Then added to that there would be diet money?—Yes.

8276. And the expense of a witness or two?—Yes, also the expense of a witness or two.

8277. And any amount of illicit fees to the underlings according to his power of payment?—Yes, they would be extorted from the man.

8278. Therefore

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8278. Therefore it would be safe to assume that the very lowest sum that any man could go near a court for would be 5 or 6 rupees?—Exactly.

8279. Then if a man happened to be assessed for income-tax, say, at the sum of 4 rupees, he would rather pay that tax than he would go near the court to get it reversed?—No doubt.

8280. And that is one of the reasons no doubt that will account for the paucity of appeals throughout the country?—That has been one of the reasons supposed.

8281. And it is only in the event of a tax being in the nature of a permanent impost that a poor man would think it worth his while to go and resist it.

8282. Lord *E. Fitzmaurice.*] Do you not think that the mere fact that there have been existing in India for a considerable period a large number of companies under Government guarantee, would alone be a very great drawback to private capital flowing to India without a Government guarantee?—I believe not.

8283. I mean do you not think that a company preferring naturally the position of having a guarantee to not having a guarantee, would say to itself, Well, after all, we will wait and see whether by a little judicious pressure we cannot get it?—Yes, while the hope of obtaining a Government guarantee could reasonably be entertained, it would naturally prevent private capital from flowing into India, whenever such guarantee could not be had.

8284. That the existence of the guaranteed companies, and the principle of guarantee has been one of the causes which has prevented capital flowing to India?—Yes, in all cases where such guarantee could not be obtained.

8285. But on the other hand that capital which otherwise would have gone to India without a guarantee has not gone because the company has said to itself, "By the exercise of a little judicious pressure, or by the Government of India pursuing the line of policy that it has hitherto pursued, we shall get a guarantee on our shares"?—Exactly; I believe that the tendency of the system of guarantee has been to create an impression that unless Government guarantees were obtained it would be imprudent to embark on enterprise in India.

8286. You are aware that English capital flows in a time of prosperity to almost every portion of the world, that a vast amount of English capital has been embarked in extraordinary South American enterprises, and that it is at this moment being embarked in very insecure enterprises there; do you not consider that a stable government like that of India ought to attract capital with much greater facility than the rotten governments in South America?—There is no doubt that it ought, and that the system of Government guarantee has checked the introduction of private capital.

Lieutenant General Sir ARTHUR THOMAS COTTON, K.C.S.I., called in, and Examined.

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8287. *Chairman.*] WILL you be good enough to state what offices you have held in India latterly?—I have been almost all the time that I have been in India employed in civil works (except two years that I was in the field) in the Public Works Department.

8288. Were you in the Engineers?—In the Madras Engineers.

8289. How long is it since you left India?—It is six years since I was last in India.

8290. Since you gave up active service in India?—Yes, I am still on the strength of the army.

8291. Will you be good enough to state with what public works you have been chiefly connected?—My first principal work was the irrigation of Tanjore.

8292. At what time was that?—In the year 1828.

8293. And after that in what works were you employed?—After that I was employed in various charges which I had, but the principal works that I had were the Godavery Delta Works.

8294. When did they come under your charge or observation?—In 1845.

8295. Were you the first officer in the Public Works Department who directed his attention to that subject of the Godavery?—I projected the work; the district was in a state of great disorder; a special Commissioner was sent down, Sir Henry Montgomery, and he recommended that the irrigation should be put in order, and that I should be appointed to report upon it.

8296. When you are speaking of the irrigation do you mean the irrigation of the Delta of the Godavery?—Yes.

8297. What was the length of that part of the river which was then the subject of the irrigation of the Delta?—The head of the Delta is 40 miles from the sea.

8298. Were any works carried out there respecting the Delta for the improvement of irrigation?—Yes.

8299. Could you state shortly what they were?—We constructed a weir across the river at the head of the Delta, and led off from it three main canals with various branches which conducted water to the whole of the Delta, and distributed it over about half the Delta

8300. Was it a high level surface of water?—Yes, entirely.

8301. So that it flowed by gravitation over the land?—Yes.

8302. Can you state how many acres were brought under irrigation by those works?—The works commanded a million acres; they have actually been distributed to about 500,000 *l.*

8303. Do you know what those works cost?—Under 500,000 *l*; the last statement that I have is 420,000 *l.*; there has been something spent since.

8304. Would that cost exclude what is called the interest on money during construction?—There was no interest on money during construction included in that.

8305. And what was the revenue derived from those works according to your last acccount?—The average revenue of the district from 1836 to 1846 was 196,000 *l.* The average annual revenue from 1867 to 1871 was 476,000 *l.* The average from the beginning to the year 1871 was 343,000 *l.* Taking the former average, 196,000 *l.*, there was an increase of 147,000 *l.* The total increase in the 25 years was 3,670,000 *l.* (I am speaking now merely of the actual increase of the revenue of the district. How much of that is applicable

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to the water is a separate question). Deducting 3 per cent. on the capital for 25 years, namely, 370,000 *l.* for repairs, it leaves a total net increase of 3,300,000 *l.*

8306. Is that 3 per cent. an estimated sum or an actual expenditure?—That is about the actual cost; I think it is rather under.

8307. Was there any water rate charged for the water?—The water rate charged is four rupees for an acre of rice.

8308. Is that four rupees an acre included in the income that you have spoken of?—Yes, it is all in there.

8309. Have you got the amount of the water-rate separate from the general increase of revenue?—No; but it is about 200,000 *l.*, because the acreage is about 500,000 acres.

8310. That is the rest of the increase of income that you have spoken of, derived from the increase of land revenue in addition to the water-rate?—It is from the general improvement of the district.

8311. Can you explain why the other half million of acres have not availed themselves of the water supply?—Because if 10,000,000 *l.* was wanted for railways which would not pay, nobody made a difficulty; but if 50,000 *l.* was wanted for these works yielding 50 per cent. it could not be got.

8312. That is a consequential view; but what is the immediate and proximate cause why the other 500,000 acres have not availed themselves of the water supply; is it because the water supply proved insufficient?—That the money for the execution of the works could not be obtained.

8313. You mean that works of distribution were wanted and the money could not be obtained for them?—Yes; I had continual correspondence with former Secretaries of State and Lord Halifax, and it was always said that the money could not be found.

8314. Do we rightly understand it, then, that there was water enough to irrigate half a million of acres more, that at a moderate expenditure of 50,000 *l.* works of distribution could have been made but were not made, and that therefore the water was not distributed?—Yes. May I add that now they have ordered 100,000 *l.* towards the completion of the works.

8315. Have you anything further to add with regard to the Delta?—To show what portion of that total may fairly be considered due to the works, I have the two districts, Godavery and Kistna as they are now called, they were formerly called by other names.

8316. That is the delta of the Kistna you mean?—The delta of the Kistna and of the Godavery; the works are exactly similar. The revenue in 1843-44 was 440,000 *l.*, the revenue in 1870-71 was 1,040,000 *l.* The increase was 600,000 *l.*, or 136 per cent. upon the revenue, not upon the works.

8317. Do you attribute that to works of irrigation carried on at the delta of the Kistna?—To show that, I compare it with the other districts of the same Presidency.

8318. You have not told us yet whether they were works of irrigation carried on in the delta of the Kistna?—They were exactly similar works.

8319. Do we rightly understand that the income is calculated in the same way that you calculated it for the Godavery Delta?—Yes, the total revenue.

8320. That the water-rate was the same also?—Yes, the same water-rate. For six districts with less extensive irrigation and no railways, the revenue in 1843-44 was 1,280,000 *l.*, in 1870-71 it was 2,080,000 *l.* an increase of 800,000 *l.* (these figures are all taken from papers obtained from the Statistical Department in the India Office); an increase of 62 per cent.

8321. Were those districts of a similar character, that is to say, delta districts?—Some of them were delta districts and some were not.

8322. But were those that were not Delta districts flat alluvial districts, capable of natural irrigation?—They are all capable of irrigation, and all are partially irrigated.

8323. Capable of irrigation by very simple means like the flat alluvial lands of the delta?—Almost all the cultivated lands in the Madras Presidency can be irrigated, but the upper districts at a greater cost.

8324. What I understand is, that you have given us the whole increase of the revenue of the district, and that you have given us separately the actual sum earned by the water rate of the district?—No; I have not given the sum earned by the water rate, merely the difference of total revenue.

8325. But, as regards the Godavery Delta, you gave us the sum received from water rates?—Yes, in a rough way; but these are actual statements.

8326. Do I rightly understand you, that you consider the difference between the actual receipt from the water rate, and the whole increase of the revenue, as representing what may be called the general improvement of the district, in consequence of irrigation?—Yes. I am comparing it now with the other districts, to show how much is owing to that cause.

8327. Will you be good enough to explain to the Committee, with regard to the districts that you have last described, whether you can state the sum which has been received for water rates in those districts?—No.

8328. Then you cannot separate what is the direct return from the irrigation, from the general improvement of the district, since the irrigation?—No; what I am doing now is comparing the progress of the highly irrigated districts with the more moderately irrigated, and with those that have the least irrigation.

8329. Will you go on with your comparison, if you please?—Taking the remaining districts, seven districts, the revenue in 1843-44 was 1,620,000 *l.*, and in 1870-71 it was 2,060,000 *l.*, the increase of 440,000 *l.*, or 27 per cent. From that I judge of how far the increase in those districts has been dependent upon improved irrigation. I must add this, that in those districts which have increased only 27 per cent. against 136 per cent., at least half of that increase is owing to improved irrigation, because there has been great progress in the irrigation in every district.

8330. Have you got the account of these various districts of the expenditure in the annual maintenance of works of irrigation?—No, I have not that here, but they are quite small compared with the great districts.

8331. You do not know how far they have increased during the periods which we are speaking of?—No, but it is very moderate compared with the others. But what I wished to add was, in these seven districts an average of nearly 2,000,000 *l.* has been spent on railway works, where there was an increase of only 27 per cent.; that is, on the comparatively unirrigated districts, while

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while on the irrigated districts, in which there have been no railways, there has been an increase of 136 per cent.

8332. Have the railways passed through the unirrigated districts or opened up in any way the irrigated districts?—No, not in the case of those districts that I am speaking of. There is one irrigated district, Tanjore, which has one railway through it, but that is not in this list, because there it was complicated by the presence of the two things, irrigation and railways.

8333. Now can you pass from the Delta of the Godavery up to the first barrier, or beyond it; did you examine the Godavery for the purpose of ascertaining whether its navigation might be improved, and its powers of irrigation might be improved also?—I have been many times up and down the Godavery, and I first proposed that the navigation should be opened up.

8334. Did you professionally design the works for opening up the river?—No, I neither projected the works, nor executed them; it was my successor that did that.

8335. Did you make any general reports on the subject?—I only gave a general suggestion of it, I did not even make a rough estimate, for I had no materials to do so.

8336. You are not in a position to give a precise professional view of the utilisation of the Godavery for navigation or irrigation?—Yes; I have been over it repeatedly.

8337. Can you give an accurate professional view, or only a general view?—I can give a particular professional view, it has been the subject of my attention for 20 years.

8338. Have you been able to estimate the cost and the return?—Most particularly.

8339. Will you state your view of the cost and the return of the first and second barriers?—I should like first to state facts, and give my opinion afterwards. The works have cost 700,000 *l.*; there are 230 miles of the river opened, a great part of that is navigated every month in the year, some part only about six or seven months; a large sum has been spent on the second barrier works which have not yet been completed, included in that 700,000 *l.*; but, including everything, it has cost 2,500 *l.* a mile up to this time, the part actually now in use. To complete the second barrier works there is about 100,000 *l.* wanted, and they are well advanced; and when the 800,000 *l.* has been spent there will be 400 miles of navigation at a cost of 2,000 *l.* a mile.

8340. Do you know what direct distance that represents from one point to the other?—It is very straight; it includes two branches at the upper end, the Wurdah and the main Godavery.

8341. When you speak of its being navigable, do you know what is the depth of water that the vessels would have to draw to navigate the river?—It varies extremely. The river gets quite shallow before the end of the dry weather, and some part of it is quite unnavigable for four or five months in the year.

8342. Would that part of the river, between the first, second, and third barrier, supply any irrigation?—Yes; there could be irrigation works connected with both these barrier works.

8343. Do you know what is the condition of the country along the banks of the river in that part?—It is a very thinly populated country.

8344. Is it a hilly country?—It is a forest country, extremely fertile where it is open, but very thinly populated. Speaking of the population I might add this; it is surely a very noteworthy fact that the most palpable and striking result of our government of the country has been a steady emigration of a section of the population, constituting 40 per cent. of the whole, and the gradual depopulation of the district under our rule.

8345. Can you explain how, whilst the population has been increasing largely in other valleys, the population has diminished in this particular district, or not increased?—There has been some extraordinary local mismanagement, no doubt of it.

8346. But is there much flat alluvial land along the river?—Plenty, and the richest land.

8347. Can you estimate the number of acres which could be brought under irrigation, along the banks of the river, in the district which we are now speaking of?—I saw one plan that was given in for 60,000 acres in one place; but to what extent altogether, I do not know at all; it would be very large indeed.

8348. Then at present there would be no people to cultivate the land?—There is a very thin population in our district. On the Nizam's side there is more. May I just make one more remark with respect to the completion of the second barrier? The second barrier terminates the thinly populated country; above that there is a very flourishing and intelligent population, indeed inhabiting almost entirely the Nizam's country.

8349. Do you mean between the second and third barriers, or after the third barrier?—From the second up the main Godavery chiefly.

8350. Mr. *B. Denison.*] Where is the second barrier?—The second barrier is just below the junction of the Wurdah and the Godavery. Therefore the whole point was to get above the second barrier and to get into the population.

8351. *Chairman.*] Is it your opinion that it would be profitable or desirable to increase the works on the Godavery?—I am as certain of it as that I am in existence, that it would be one of the most valuable works that could be executed in India.

8352. Do you know what the extent of the work required would be to make an effective commercial navigation on that part of the Godavery?—£. 100,000 to complete the second barrier works, and that would make a navigation for about seven or eight months in the year.

8353. But do you know what sum would be required to make it effective all the year round, and for boats of considerable draft, say, four or five feet?—It would not require a very large sum, say, 200,000*l.*, to store water for the completion of the navigation for the whole year.

8354. Would that keep water enough in the river to allow mercantile vessels of draft to go up and down the river?—Of effective draft; not of deep draft, but quite effective.

8355. What do you call effective?—Two or three feet; they are working now powerful steamers of 17 inches on the Godavery with complete success.

8356. Do you mean that vessels drawing 17 inches are able to carry merchandise?—They are actually carrying it at a very low rate at this moment.

8357. Who is the owner of those vessels?—They are Government steamers.

8358. Have you seen any account of their expenses and returns?—Yes; I have all the papers relating to them.

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8359. What is the result of the operation in the year?—I think that they have been working (I cannot recollect exactly at this moment) at about a penny a ton a mile, as matters are now while the river is in this imperfect state.

8360. Do you know what their earnings have been relative to their expenses?—They have carried so much Government stores, and it has cost so much per ton per mile. They were chiefly employed in carrying Government stores; their earnings from merchandise were, I think, small.

8361. What are the total earnings as compared with the total expenditure, in the year?—I could not tell without referring to some reports; there are three or four steamers.

8362. Sir *Stafford Northcote.*] Have they introduced on this river the system of the American flat-bottomed boats which ply on the Missouri, do you know?—The steamers that are now in use there were constructed under the Secretary of State's authority here, upon Colonel Haig's plan.

8363. Is that the stern-wheel system; the American system?—Yes.

8364. Are you of opinion that it would be possible to separate the returns of irrigation works in such a manner as to keep accurate accounts, showing the reproductive character of each work, as repaying the money that was expended upon it?—Most easily.

8365. How would you separate the returns from the irrigation work from the general revenue of the country?—In the first place there is the water rate.

8366. The system of charging differs in different parts of India, does it not?—Yes.

8367. What is the system in Madras?—The old system in Tanjore was to levy so much per acre.

8368. So much on dry land, and so much on wet land?—Yes, not distinguishing the land tax from the water rate; but in the newly-irrigated districts we levy a regular water rate.

8369. That is, you charge the wet land with the same amount of land revenue as if it were dry land, and then charge over and above that a water rate?—Yes.

8370. Then is that water rate carried to the general profit of the treasury, or kept as a separate account?—It is paid into the treasury of the district, not kept distinct in any way.

8371. Now this system of irrigation has been productive of very great benefit in certain districts; but do you think that it is equally applicable to other portions of India as it is to the deltas of great rivers?—To every district in India; but not with equal benefit, because some districts would be more expensive to irrigate than others; but it is equally applicable.

8372. Do you believe that it could always be made self-supporting in those parts of India where famines occasionally occur?—Much more than self-supporting.

8373. Are you aware that it has sometimes been found necessary, in order to induce the cultivators to take the water, to promise them that they should have no water-rate and no addition made to the land revenue?—A very curious thing has come out in the course of all these discussions; the Bengal people speak continually of the difficulty of getting the water to be used; that was a difficulty which we never thought of in Madras; the natives were much more eager to get the water than we were to give it to them; they were continually urging us to cut canals both for navigation and for irrigation.

8374. They have been more accustomed to the irrigation system in Madras?—But in districts where they have had hardly any irrigation at all, that has been the case.

8375. But, as a rule, Madras is a presidency in which the people are much more familiar with the advantages of irrigation than they are in many other parts of India, is it not?—Yes.

8376. Are you aware that in Orissa it was exceedingly difficult to get the people to take the water?—Yes.

8377. How do you account for that?—What Colonel Rundel writes to me on that subject is, that the amazing difference of the race he had to deal with there, their great inferiority to our races in Madras, had thrown him out of all his expectations; that he could not have believed they would have been so stupid and backward to use the water as compared with what he had been accustomed to in Madras.

8378. Does that shake your faith in the universal applicability of the irrigation system?—Not in the least. I am quite certain that that difficulty can be overcome by active intelligent men, laying themselves out for it.

3879. Do you happen to know that the Orissa, at a time when it was thought very desirable to get the people to use the water, an official gave what was construed into a promise that the land revenue should not be increased to those who took the water; do you remember that particular case?—This was one of the difficulties; the people could not trust the Government; they were afraid that if they charged them 2½ rupees for water rates they would then increase the land tax besides; and what they wanted was a clear, downright, unquestionable assurance that it would not be done, and that was not given, and that was the difficulty.

8380. Now do you believe that the real remedy for drought and failures of crops in India is to be found in the extension of irrigation works all over the country, rather than in the improvement of communications to enable the surplus of one part of the country to be brought to another part where it is wanted?—Not rather than, but combined with improvement of communications.

8381. No doubt it would be extremely valuable, if you had money enough to carry out both these systems; but supposing that your funds are not sufficient to do both, which do you think the more important?—I am speaking of combining navigation and irrigation, and you cannot have the one without having the other.

8382. But I am comparing the extension of railways, and roads, and other modes of communication, so as to enable you to bring the surplus of one part of India to the part which may happen to be deficient, with a system which is to provide locally for the wants of every district, so as to ensure it against the effects of a casual drought?—What we want is a complete system of water communication, from one end of India to the other.

8383. Rather than railway communication?—Certainly; the railways have totally failed in every essential particular, and the water carriage has completely succeeded in every essential particular.

8384. But would you say that you could supersede a line like the East Indian Railway by a system of canals?—Entirely, and totally supersede it. May I be allowed to give an explanation

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tion of that? I can cut a canal from Delhi to Calcutta for 3,000 *l.* a mile against 20,000 *l* which the railways cost; when it is done it will carry millions of tons at one-tenth of a penny a mile against 100,000 or 200,000 tons carried at 2 *d.* a ton a mile by the railway; and the canal will carry that traffic at any speed that you want to work it. Where is the advantage of the railway? That is my view of the matter.

8385. Now going back to the comparison of Madras with other parts of India, how frequently do the people require in those districts in Madras, to use the water; do they require it every year?—Yes, certainly.

8386. There is not a sufficient rain-fall to enable them to carry on their cultivation properly without the use of artificial irrigation?—Not a want of sufficient rainfall, that is not the point, it is a want of sufficiently regular rainfall. In the great famine of Orissa, there was a fall of 60 inches of rain that year; there may be 40 inches of rain in Rajahmundry, and the whole harvest be lost without irrigation.

8387. What I am anxious to know is whether there are not some parts of India in which you may make the irrigation profitable, because the people will regularly rely upon it knowing that taking year with year they will always require to use the water, whereas there are other parts in which perhaps five years out of six, or nine out of ten, they do not require artificial water; the rainfall being adequate and not more than adequate; but in perhaps the sixth year or the tenth year they require it?—There are no such districts in India.

8388. But now taking Orissa, for instance, is it not recorded in the evidence taken before the Famine Commissioners, that in a great many years artificial irrigation was not required there?—There never was a year in which water was not required in Orissa, I am perfectly sure of that. At some part of the season, there is as I say 50 or 60 inches of rain; but that is not the point; the point is whether there is such a long interval as that the crops may be either seriously injured or totally lost.

8389. Mr. *Fawcett.*] All the irrigation works even in Madras, have not produced these satisfactory financial results to which you have alluded, have they?—Everyone that has been carried out at all.

8390. But should you say that the financial results and the financial prospects of the Madras Irrigation Company's schemes were encouraging?—Fully so; perfectly satisfactory.

8391. Can you give the returns at the present time?—They are not in operation.

8392. But are they ever likely to be in operation?—There is nothing to prevent. They were used to a certain extent last year; there is nothing to prevent their being extensively used this year.

8393. You are aware that competent engineers have expressed an opposite opinion?—I have never heard that.

8394. You never heard an opinion expressed that the canal will not hold the water?—What can I say to an opinion of that sort when it was actually flowing all last year and held water perfectly well.

8395. If it was flowing all last year and held water perfectly well, how do you account for the canal yielding nothing at all?—It was used to a certain extent, last year, and there is every prospect of its yielding a large revenue this year;

8396. There have been particular papers going to show that the prospects of this irrigation scheme are as glowing as they can be; can you give any specific facts to contradict that?—The works are in effective operation; they began to be used last year; the people are willing to use the water, and it is an absolute certainty that it will be extensively used this year.

8397. Mr. *Lyttelton.*] Was the canal full last year?—No, but they could have filled it.

8398. Mr. *Fawcett.*] You are aware that the canal has cost greatly more than the estimate?—Yes; some 50 per cent. more than it was originally estimated to cost.

8399. Are you aware that its prospects were looked upon by the general commercial world as so gloomy that the company could not raise the requisite money to complete it, but that the Government were obliged to advance 600,000 *l.* on what they considered most inadequate security?—I have had 50 years' experience in these matters, and know perfectly well that the gloomy opinions were without foundation.

8400. How is it, then, that, with all the intercourse you must have had with them, you have never been able to produce the slightest impression upon the large capitalists in England, and never got them to invest one shilling in these brilliant works, but always have been obliged to sing the same song, "Government, Government, Government"?—I have done neither the one nor the other; I have nothing to do with commercial men.

8401. How do you account for it that in Madras, the golden land of irrigation, a million was spent; they wanted 600,000 *l.* more to complete it, and no capitalist was willing to come forward with the money; how is it that English capitalists are less ready to invest their money in these brilliant concerns than they are in any other works throughout the world?—I have nothing to do with the mercantile part of the business; all I know is that they misjudge the matter.

8402. But you must admit that the estimates as to the cost of these Madras irrigation works are altogether fallacious?—They have cost more than they were originally estimated to cost; and, in the first place, it is impossible for works taking 10 years to execute not to increase in cost.

8403. You say that you made repeated applications to Secretaries of State, to finish the works to which you first alluded, in the delta of the Godavery?—Yes.

8404. Of course we have a right to assume, that Secretaries of State have no particular reason for preferring railways to irrigation works; they must have given you some reason why they thought it was undesirable to advance this additional sum of money?—They never gave me any reason at all.

8405. Did they never publish any reason?—Never. There are the facts; the railways are universally a failure in point of return; here are the irrigation works, everyone completed is making a good return. Those are actual facts; nobody can mistake them.

8406. Those you have mentioned are; but I think if we were to go through the irrigation works throughout India, we should find that some of them did not yield more satisfactory results, or as satisfactory results as some of the railways?—There is no such thing as a railway which has returned anything like what the worst of the navigation works has.

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8407. I am not in favour of railways; but the East Indian Railway nearly pays 5 per cent., does it not?—According to the way in which they make out the accounts, the actual returns last year were 4½ per cent., and there is a debt upon it of 17,000,000 *l.*

8408. We may suppose that the railway would have no inducement to understate its accounts, considering that it is a guaranteed line; some years it would appear that the Government had had to pay nothing whatever, that the company made no demand on the Government to make up the guarantee; is not that the case with regard to this particular railway?—They did not pay interest in one-half year or two-half years. Not paying interest on the debt, and not paying interest on the cost of the land, there was an insignificant surplus above the 5 per cent.

8409. But now, contrast that with the Ganges Canal; can you go through the figures and prove to me that the Ganges Canal has ever paid 5 per cent.?—It is paying now at last ——

8410. How much?—Five per cent. including the debt.

8411. How can you prove that?—There are the actual returns.

8412. I should like to go through those actual returns; I have been through them, and made out 2½ per cent.?—Here are the returns, and I have no alternative but to take them from the Blue Books.

8413. But you are aware that those returns are given with no allowance for all the years in which money has been spent, and yielded no return?—But here I have added the debt to it.

8414. How does it stand?—It gives 5 per cent. including the debt.

8415. How do they include the debt?—It is stated at so much in the book.

8416. I want to know of what elements this debt is composed; I think I can prove to you that, if those accounts were properly stated, the Ganges Canal does not pay as good an interest as the East Indian Railway. I simply quote that to correct your general statement, that all irrigation works must pay well; have you ever taken the trouble in making this comparison, to find out what is included under the word "debt" there?—No, I have merely taken it as I have the railway accounts, from the Blue Books; but if you will allow me to speak of the Ganges Canal, I should like very much to say what the history of that work was; that work was falsely projected; that is the essential thing; it cost 2,300,000 *l.*, because they chose to go up into the hills to fetch the water at a level where they did not want it, and it cost them a million to bring it into the plain; whereas if they had brought it from below the hills, they could have brought it for 100,000 *l.*

8417. What your statement about the general profitableness of irrigation works means is this, that if all the irrigation works in India had been properly constructed with due economy, and there had been no mismanagement, they would all have yielded a very satisfactory return?—No, I say that all those in extensive operation at this moment are yielding a fair, or a very large interest.

8418. But you say the Ganges Canal was badly constructed, and cost a great amount of money?—That is why it has not returned 20 or 30 per cent., instead of 5 per cent.

8419. But do not you think that the same remark applies to a great extent to the railways, that if money had not been wasted, if they had been properly made, the result would have been more satisfactory in their case also?—There has been a great deal of money wasted on the railways certainly.

Tuesday, 9th July 1872.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Stephen Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Mr. John Benjamin Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Lieutenant-General Sir ARTHUR THOMAS COTTON, K.C.S.I., re-called; and further Examined.

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8420. *Chairman.*] Do you wish to add any observations respecting the revenue of the three irrigated districts as compared with the others?—The average revenue of Tanjore, Kistna, and Godavery is 600,000 *l.* a-year; the revenue of all the other districts is 32,000,000 *l.*; the number of districts, exclusive of some small ones, is about 150. The average of the unirrigated, or partially irrigated districts, is 210,000 *l.* The total population is about four and a-half millions in the three irrigated districts, giving four rupees per head revenue. The population of the other districts is about 150 millions, giving two and a-half rupees per head as the average of the revenue.

8421. Mr. *Dickinson.*] Have you the acreage?—No. What I wanted specially to point out is that I consider it the great financial fact of all India, that here are three districts yielding 600,000 *l.* a-year, while the average of the other districts is 210,000 *l.*, the sole cause being that those districts have been intelligently managed, and that the others have not.

8422. *Chairman.*] Do you ascribe any value to the circumstance, if it exists, that these irrigated districts are very fine alluvial lands, as compared with the general lands of India?—Yes, they are fine districts, small districts with a great extent of alluvial land, but I do not think that they are much superior to the other districts as to the total quantity of good available land.

8423. Has it been brought under your notice whether the difference of the revenue goes to this extent, that the alluvial fields and small tracts that are irrigated by a natural flow, pay a revenue as much as 50 and 60 rupees an acre, as compared with districts that are not so used, which pay only perhaps a quarter of a rupee an acre?—I never heard of any tracts that paid 50 rupees an acre.

8424. Did you never hear of what are called natural wet lands, upon which sugar crops are grown?—Yes, but never paying anything like 50 rupees an acre.

8425. Will you proceed, if you please, with your exposition?—Now, in all the financial papers that I have seen not one has alluded to this most striking fact of this enormous revenue raised from three particular districts.

8426. Mr. *Dickinson.*] Not even the reports of the Commissioners of those districts?—Never, in any general financial statements that I have seen. And so with respect to the revenue per head, four rupees per head in those districts, and two and a-half in the rest of India. The other point which I wish to be questioned on was this: I gave the facts respecting the Upper Godavery works. The Chairman began by asking me what my opinion was; I said that I should like to give the facts first, and afterwards my opinion, which I did not give.

8427. *Chairman.*] Will you add any further explanation that you have to offer with respect to the Upper Godavery works?—The point is this, that we have now positive proof that 400 miles of the river will be opened for 800,000 *l.*, that is, 2,000 *l.* a mile. It is true that a part of it will be only opened for seven or eight months in the year; but first it will carry certainly at a halfpenny a ton a mile, and any quantity, millions of tons. Now, the question which I ask is this, how can it be wise to make railways at 20,000 *l.* a mile to carry at 2*d.* a ton a mile, and the country to be burdened by a taxation of 3,000,000 *l.* a year, and to carry only 100,000 or 200,000 tons, and yet unwise to open a river at 2,000 *l.* a mile to carry at a halfpenny a ton any number of millions of tons, and no burden at all to the country? Or if the whole interest was paid by the country it would only be 100 *l.* a mile. There is one other point which I wished to add with respect to the months that it is not navigable. That could be filled up certainly for 500 *l.* a mile, that is to say, 200,000 *l.* for the 400 miles would give water to make it navigable through the remaining months of the year; so that even then it would only cost 2,500 *l.* a mile, one-eighth of what a railway costs, and this water worth ten times its cost for the irrigation of the Delta in the dry season.

8428. Mr. *Dickinson.*] The system of river and

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canal irrigation and transit is only applicable to the valleys down which the rivers flow?—Yes.

8429. You could not adapt the canal navigation to carry across from valley to valley, across the line of rivers?—On every important line of country in India you can carry a canal, that is to say, on every line where there is great population.

8430. Take the flow of rivers beginning at the north, the great rivers flowing east and west; take the Ganges Valley, there you would accommodate the whole of the Ganges Valley by canals?—Certainly.

8431. Coming south from that could you make a water navigation?—The whole of the way, all along near the coast from Calcutta, by Cape Comorin up to Goa, is all perfectly easy for navigation.

8432. From the Deccan southward the rivers flow east?—Yes.

8433. Your traffic would all be to the Coromandel coast?—Not the whole, because I would make cross canals across the Peninsula.

8434. Would you take the waters which now flow east, westwards through the ghats?—I would make the canals across; some of the water in the canals would flow east and some west; I would supply them at their highest level, of course.

8435. Taking the country from the Deccan southwards, you have a range of ghats on the west very much higher; the slope of the whole country is eastward; and therefore all your traffic would be eastward to the Coromandel coast?—There is one line from the west coast at Ponany to Madras, for instance, through the opening in the ghats there which is perfectly practicable.

8436. Between Travancore and Mysore, you mean?—South of Mysore.

8437. Now along the whole Coromandel coast you have no harbour, have you?—There is a perfectly good harbour at Coconada.

8438. Is it not a roadstead?—A perfectly safe harbour; never was a vessel lost there yet.

8439. How many vessels go there?—There is a trade of a million now in exports.

8440. And, in your opinion, would canal navigation meet the whole transit wants of India, of its commerce, and its people?—Perfectly and entirely, without any one defect whatever.

8441. What would be your communication, for instance, from Madras to Bombay; how would you get from Madras to Bombay?—I do not mean to say that every line in India can be transversed by a canal, but every line on which it is of great importance that there should be transit. There may be minor tracts like some part of the line between Bombay and Madras which might be better for railways.

8442. From Bombay, whatever you have, you have got the ghats in your way to get to the interior of India?—Yes.

8443. Must not Bombay, in your opinion, be the great port for the commerce of the west?—It certainly will not be eventually; the great outlet must be at Ponany, opposite the opening in the ghats, eventually; it ought to be now.

8444. I do not see how that will accommodate the flow of traffic all down the Deccan eastward; following the lines of the Kistna and the Godavery and the other rivers; how is it to get down to Ponany?—I mentioned that there is nothing to prevent a canal across the Peninsula from Madras to Ponany.

8445. Do I understand you rightly that the traffic would flow first eastward down the coast, accumulate at Madras, and then go to Ponany as the port of communication with Europe?—Part of it.

8446. The bulk of it?—No, part of it; because I have not finished what I had to say, that there is another line perfectly practicable by Dharwar, from the east coast to the west, at the port of Carwar; there is nothing to prevent that being a water communication.

8447. Is that something of the line of the proposed railroad?—Well, they are talking of railroads everywhere; there is another line again from Coconada right across the Peninsula, following the line of the Godavery, the Wurdah, and the Taptee, also perfectly practicable for a complete navigation.

8448. And that scheme would unite the waters of the Godavery or the Wurda, flowing east, with those of the Taptee, flowing west?—Yes; a complete line from Bombay up the valley of the Indus, down the valley of the Ganges, along the east coast, to Cape Comerin, up the west coast to Goa; and across from Madras to Ponany, from Madras to Carwar, and from Coconada to the mouth of the Taptee would form a complete scheme of navigation for all India.

8449. The mouth of the Taptee at Surat?—Yes.

8450. In your long investigation of the adaptation of canals to India, I suppose you have considered the matter as a scheme for the whole country?—Yes.

8451. Have you done anything of the same kind as regards other channels of communication besides water?—No. May I give the reason? Because nothing else can possibly answer the purpose; there is no other conveyance that will carry goods at a tenth or a twentieth of a penny a ton a mile, and no country can thrive till it has got cheap transit.

8452. And you consider that there is water enough in India to feed all these canals?—There is water enough in India for every conceivable purpose ten times over; there is no want of water.

8453. Have you any scheme for connecting the upper waters of the Jumna with the Indus, or the Ganges with the Indus across the deserts?—They are cutting it now, the Sirhind Canal.

8454. That is the bed of an old canal, is it not?—No; the main canal is one entire new line; there are some remains of old canals in that part of the country.

8455. What is that new canal to join?—The Sutlej with the Jumna.

8456. Now, in the course of the evidence, we have heard something about the interference with the old system of wells by the introduction of canal water as being somewhat oppressive to the owners of wells. What do you say to that?—There are two points in the comparison of canal irrigation with well irrigation. The first is that it costs from one-tenth to one-fiftieth part of the money to water from canals; the other is that the river water is so entirely renovating that the lands watered by it yield crops for hundreds of years without any manure; whereas, well water is filtered, and does not manure at all, or except in a very small degree.

8457. We

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8457. We have been told that the water coming down the Ganges, for instance, is full of granite and other detritus, which, instead of being beneficial, is injurious to the land. Is that so?—The only answer which I can give to that myself, for I have not gone into it minutely, is that at this moment the cultivation under the Ganges Canal is increasing enormously every year; it has gone on now for 20 years, and there are now about a million acres irrigated by it.

8458. You stated just now that the water from the canals will not only water but manure for 100 years?—There is the proof of it that this enormous irrigation is going on under the Ganges Canal.

8459. We have also been told that in some districts the effect of the canals is, in the dry season, to reduce the water in the wells, is that so?—The wells all along the line of the Ganges Canal are supplied by the water from the canal.

8460. We were also told that in some districts the canal water passing through somewhat saline land becomes impregnated with saline matter, and in that way injurious to the irrigated land; what do you say to that?—I am not acquainted with that subject. There has been some considerable extent of land injured in that way since the irrigation, and I do not know the real explanation of it.

8461. As regards the three objections to which I have adverted, that of the water from the river being injurious, the canals reducing the amount of water in the wells and occasionally affecting the land by the salt which it gathers in its course, the two first objections are not, in your opinion, tenable, only the last?—The objection about the wells is simply impossible to my mind.

8462. As regards passenger traffic, I presume the canal would not be a very rapid mode of transit?—I know of no limit whatever to the navigation of canals, and I am sure there is none.

8463. As regards speed?—In speed I was in a small boat, 50 feet long, only the other day, on the Thames, running at 20 miles an hour.

8464. Drawing how much water?—About a foot and a-half.

8465. *Chairman.*] Do you know how long the boat would keep up that speed?—I do not think that she could keep it up permanently. I do not know exactly, but not much short of it; but I am quite sure that a boat can be navigated at any speed you choose to give it on a canal.

8466. With any quantity of coal, that is to say?—Within practicable cost and everything: in a practicable way, I mean.

8467. Mr. *Dickinson.*] Of course the speed of railroads is only obtained by the consumption of coal?—The speed on the railways in India at this moment is only, I believe, 20 miles an hour, on some lines 25.

8468. And as regards accommodation for passengers, do you consider that the canal would offer as good accommodation or better than the railways?—Far superior in every way, for instance, there would be no vibration.

8469. I mean accommodation for different classes of passengers, and so on?—One of the great points in the canal would be equally applicable to passengers and to goods traffic that everything could travel at its own speed, that is to say, that poor people could travel cheap and slow, while the rich people travelled at a high speed; that they cannot do on the railway; you are in a great measure limited in that respect on the railway.

8470. Is there any passenger traffic now on the Ganges Canal?—I do not know, I have not particular returns, but I made out by the last partial returns I saw that there is about 100,000 tons of goods traversing it now; but our canals on the Godavery are crowded with passengers; the whole travelling of the district is by the canal.

8471. Do you consider that the East Indian line of railway is in a sense competing with the Ganges Canal, that as a line of communication it competes with the Ganges Canal?—So far as I have returns, I fully expect that the goods traffic on the Ganges Canal is greater than on the railway that runs by the side of it.

8472. That they are seeking for the traffic of the same line of country, and therefore, in competition with each other?—Yes.

8473. And do you consider in that sense that it would have been better to have a railway where there is no water competition, than to have it over a line of country where the rivers furnish water communication?—Certainly, if you are to have a railway, have it where there is no water carriage.

8474. But you seem to go as far as to say, that water carriage will meet all the requirements of India?—Every requirement of speed, cost, quantity, and everything.

8475. And the cross traffic of the country?—Everything; I do not mean to say that there are not particular lines on which railways might be made, supplemental lines, but those are quite secondary, very inferior cases.

8476. *Chairman.*] Can you explain to the Committee why the people use the East India Railway to such an extent as to give it a 5 per cent. dividend, when they are perfectly free to use the Ganges?—Because the Ganges river has such a very imperfect navigation, and because the railway is backed up by 700,000 *l.* a year paid out of the revenue.

8477. Mr *Dickinson.*] That 700,000 *l.* does not give it the traffic?—That is what enables them to carry cheap; if that 700,000 *l.* was divided over the traffic it would bring it down directly.

8478. But the question put to you was, did the traffic on the East Indian Railway return an income of nearly 5 per cent?—The return last year, without allowing for the price of land, was 4½ per cent., and, including the price of land, 4¼ per cent, leaving a debt of 8,500,000 *l*, the interest of which is paid out of taxes.

8479. When you talk of the cost of land, do you mean the cost of land as sold in the market, or the value of that land as still continuing to earn revenue to the Government?—I take the cost of it in the Blue Book; I have no other authority, I omitted to say that there are about six essential mistakes which have been made in the navigation of the Ganges Canal; I will not go into the particulars, but to give you an idea of the extraordinary mistakes that there were I will give you one: not one of the bridges would allow a fully-loaded boat to go under it; they are at this moment raising 50 bridges to allow the traffic to pass under; that is only one out of six essential mistakes in the navigation, and in spite of that this traffic of 100,000 tons has sprung up.

8480. They are now raising the bridges to meet the traffic, as I understand you?—They have

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raised about half of them, and they are raising the others.

8481. Was that the fault of those who made the canals, or those who made the roads, insisting on low gradients?—I think the mistake was in the projection of the canals.

8482. Mr. *Cross.*] I think you said that the speed in a canal was 20 miles an hour?—They could do more than that.

8483. The only limit being, I suppose, the injury to the banks?—There is no such thing as injury to the banks, it is entirely imaginery; they talk of little canals here, not made for steam, 30 or 40 feet broad, without one foot of land to spare; we have no such thing in the great canals in India, which are fitted for steam; if you talked of an objection to railways because horse railways would not bear locomotives, it would be a similar case; I am talking of canals made for steam.

8484. What widths do you speak of?—The great irrigation canals are from 30 to 100 yards broad

8485. Mr. *J. B. Smith.*] Whilst you are speaking of the Ganges let me ask you this: is not one reason why the canal is not usable for navigation that the water has been taken from a high level, in consequence of which the fall is too great?—Yes; that is one of the essential mistakes that was made; so great a fall was given that the current was so strong as to cut the banks and bed of the canal.

8486. In consequence of which it rendered it almost unnavigable?—It injured the navigation.

8487. Are they not about to remedy that mistake?—They have been at work at it for two or three years.

8488. And when that is completed, do you consider that the traffic in passengers will be very much increased?—I suppose it will.

8489. Now, General Strachey said this in his examination respecting the Godavery; this question was put to him at 7867: "That river (that is the Godavery) rises in Berar and passes 100 miles through the richest cotton districts in India;" and he says, in reply to that, "I should not altogether accept that as a fact that ought to be allowed to pass without explanation; the Godavery, no doubt, if you take it from its source, where it is a little brook as wide as this table, to the sea, would more or less pass through some of the best parts of the cotton districts; but for a great portion of its course it does not; I mean when it becomes a river, which one can talk of as a means of giving navigation;" now, have you passed along the Godavery and the Wurda into Berar?—Yes; I have passed them at various points from near the source of the Godavery and the Wurda from where the railway crosses it all the way down.

8490. What is the width of the Wurda about where the railway passes over it?—It may be 150 or 200 yards; two or three times the width of the Thames above tide water; something quite beyond all question about navigation.

8491. There is no doubt about the navigation, is there?—Not the slightest.

8492. Now, General Strachey says that the Government have abandoned the completion of the Godavery to any further extent than it is opened at present, that is up to the second barrier, I believe?—To the foot of the second barrier.

8493. Supposing you take that as abandoned, as lost?—Then the country below that is so thinly populated, that the whole traffic now is only 20,000 tons.

8494. But, supposing the Godavery were opened out the whole extent from the second barrier up to the railway on the Wurda, that would make a navigation of upwards of 400 miles?—It would make a navigation of 500 in one direct line, and 100 besides on the main direct Godavery, 600 altogether.

8495. Then if that can be completed for a million of money, you would have a navigation at 2,000 *l.* a mile, or under?—All that could not be completed for a million, including what is spent.

8496. I am supposing that has been spent is sunk; if the Government abandon it, it is as if it had never been spent at all; then would a million of money make the remainder of the river navigable, and supply reservoirs for making it navigable all the year?—Certainly, somewhere thereabouts; a million or a million and a quarter; that sort of price.

8497. That would supply a navigation of that length for 2,000 *l* a mile?—Yes, not reckoning what has already been spent; the main point of it all is, that it is a question of 2,000 *l.* or 3,000 *l.* a mile. They say, "We want accurate estimates, we want to be sure what it will cost." It is a question of 2,000 *l.* or 3,000 *l.* a mile, not as it is with the railways, whether they are to cost 15,000 *l.* or 20,000 *l.* a mile.

8498. Now the river is opened up to the second barrier, and the traffic, I think you stated, was 20,000 tons the first year. General Strachey states that he believes almost the whole of that traffic was food for the people employed on the works; have you any account of what that traffic consisted of; is it possible that there can have been 20,000 people employed on that work, and that they could consume, each of them, a ton of food in that period?—Here is the report of the navigation for the year 1869-70, which is the last that I have got; the total traffic was 20,500 tons, and of that the Government stores were 1,500, leaving 19,000 tons for general merchandise. I cannot understand how General Strachey, who is so very accurate in general, could have made a mistake of that sort.

8499. One of General Strachey's objections to the opening of the Godavery is, that it would take off the railway a portion of the existing traffic, and also the further traffic that it was likely to receive; what have you to say to that?—I have two things to say to that: one is this, because we have made a railway, are we therefore to compel the people to carry by an expensive mode when they could carry by a cheap one? The other is, that we have nothing to do with the railway line at all in considering the question. There is the question of whether we shall make a line of communication through an important tract of 500 miles, or have none at all on that 500 miles.

8500. At what cost do you expect you could take traffic?—A halfpenny a ton at the outside for the carriage on the river.

8501. Does that include the tolls that you levy upon it?—What I say about that is this, that the interest is so exceedingly small on 2,000 *l.*, namely, only 100 *l.* a year, that the toll would only be a farthing, for instance, to make 5 per cent. on 100,000 tons, and that if the traffic was carried on at a halfpenny or three farthings it would very soon

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far exceed 100,000 tons; it would be several hundred thousand tons at that price. The mistake that is constantly made by people in arguing about the transit is, that they do not consider that it is the cheapness that makes the traffic, and they talk as if a railway carrying at 2 *d.* a ton would carry the same quantity as the river or the canal carrying at a tenth of a penny.

8502. But is not that a serious consideration when Government are guaranteeing a very large sum on the capital of the Great Indian Peninsula; and I see by the last return for the half-year ending December, the return is something less than 1 per cent. for the half-year?—Yes, and that without allowing for the cost of land, and without charging the interest of the debt.

8503. Now, it is objected that Coconada is not easily accessible to large ships; what have you to say to that?—It is perfectly accessible. It has a defect, that the ships have to lie two miles off the mouth of the river because it is so shallow, but there is no difficulty of access.

8504. But then there is lighterage; they are obliged to employ lighters to take the traffic up?—Yes; that is the defect of the port.

8505. Is not that a great expense?—No, not very serious. It is the only port in India in which no vessel has ever been lost.

8506. Are you aware that the Government are about to make a railway from the existing line of railway that passes over the Wurda down to Chanda, about 45 miles, I believe, in length, and which will cost 7,000 *l.* a mile?—Yes.

8507. What do you think the river could be made navigable for, at all seasons, from that point down to Chanda?—About 2,000 *l.* a mile from the mouth of the coal-pit to the railway, and it would carry at one-twentieth of the cost that the railway would carry at.

8508. But there would be this advantage besides, would there not, that you could carry an illimitable quantity?—Yes.

8509. But on a single line of railway the quantity that you can carry must necessarily be limited?—Yes. May I add a most important point connected with that, that the Government are actually cutting a canal by the side of the railway from Calcutta to the coal fields in Burdwan; after spending 25,000 *l* a mile upon a double railway, they are actually cutting a canal at 3,000 *l.* a mile for 100 miles, parallel to it, to carry the coals; and at the very same time that they are doing that, they are ordering a railway to be made by the side of a river in this other part of the country, that river capable of being made navigable for 2,000 *l.* a mile, and the railway costing 7,000 *l.* The Governor General's remark upon this Damooda Canal is this: "Moreover, the possible effect of the discovery of coal at Midnapoor has also to be considered. Should it result in a coal-field equal to that at Raneegunge being found at that place, one of the principal objects to be gained by the formation of the proposed canal would no longer exist, since the Midnapoor Canal could furnish a much shorter route for the conveyance of coal to Calcutta."

8510. *Chairman.*] Do you recollect whether the Damooda river runs to the delta of the Hoogly from the coal field?—Yes.

8511. Do we rightly understand that the Government are not proposing to make the Damooda navigable, but that they are cutting a canal from some place to the coal field?—Yes, from Burdwan to Calcutta; from Raneegunge, where the collieries are, to Calcutta.

8512. From Raneegunge direct to the Hoogly, opposite Calcutta?—Yes; and the sole question here in the Governor General's own Despatch is, whether one canal is to be cut, or another for the coals, not a word about the railways.

8513. Mr. *J. B. Smith.*] Is not that a strong argument in favour of the opening of the Godavery?—I like to judge of men by what they do, and not by what they say. While the theory laid down is, that railways are to do everything, they are actually cutting a canal by the side of a railway, because it has totally failed. Why do they cut the canal by the side of it if it has not?

8514. Why has the railway failed?—It cannot carry cheap enough, or the quantity that is wanted, the points that I always insisted upon. When you have got the railway it is utterly and essentially a failure, because it cannot carry at anything like the price that you must have goods carried at if the country is to flourish.

8515. Do you know anything about the navigation of the Indus?—Not much.

8516. You are aware, probably, that there is a steam flotilla on the Indus which has a considerable traffic?—Yes.

8517. General Strachey states, in answer to Question 7886, "I know this about the steamers on the Indus; whatever there is in the shape of traffic down the river, I should say, without the smallest hesitation, that the traffic that comes down the Indus would be decidedly much more than would come down the Godavery," is that your opinion?—No; certainly not.

8518. He says, "A very large quantity of cotton comes down the Indus, but the steamers do not pay. It was a private company which was broken down; the company which now exists as the Indus Flotilla Company, which is part of this Scinde Railway concern, is under a guarantee; it just manages to pay its way, and that is all;" what is your opinion as to that?—I believe that there is a good profit on the steam navigation of the Indus, certainly a much greater profit than on the railway.

8519. There ought to be a profit if it is well managed?—Certainly.

8520. Do you know whether it is well managed?—I think it has been very indifferently managed.

8521. Probably that may be one reason why it does not pay?—I think if they had the boats that were planned by Colonel Haig for the Godavery working on the Indus, they would work at half the cost that the present boats do.

8522. I happened to turn to the Report on Indian Railways for 1870-71, since General Strachey's evidence, and I found that at page 19, it states that the Scinde, Punjab, and Delhi Railway Company purchased the steamers and barges of the Indus Company for the sum of 378,000 *l.*?—Yes, the Scinde, Punjab, and Delhi purchased them.

8523. And for warehouses and workshops 45,000 *l*, making a total of 413,805 *l.*, which was the cost of the steamers?—Yes.

8524. General Strachey says that they barely pay their expenses, but according to the same report it appears that in the year 1869 there was a net profit, after paying all expenses, of 20,370 *l.*, which is a profit of nearly 5 per cent. upon the capital, and in 1870 there was a profit of 37,388 *l.*

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being nearly 9 per cent. upon the capital?—I have not these returns separate from the general returns of the company.

8525. General Strachey says that he believes that the Godavery would not yield a larger traffic than the Indus; but if the Godavery yields a profit of that sort, you would consider that satisfactory, would you not?—Yes.

8526. Now this same Scinde Railway, whilst the navigation of the Indus has paid from 5 to 9 per cent., a railway with a capital of 14 millions has only paid, in 1869, 9 *s.* per cent.; in 1870 it paid 13 *s.* per cent.; and for the half-year ending 31st of December last, it paid 3 *s.* per cent.; are you aware of those facts?—Yes, that is a correct statement of the case, but that is exclusive of their debt and of the interest on the land. The land has cost about a million and a half, and the debt is about 3¼ millions; so there is, besides, the interest on nearly 5 millions of capital.

8527. So that the steamboats for 1870 paid nearly double the profit which the whole of the Scinde Railway paid for the last half-year?—And to that I wish to add that the Indus is quite the worst of the Indian rivers; the navigation of the Godavery would be far superior to the present navigation of the Indus.

8528. General Strachey it is evident, I think, must have been mistaken on all those points, but it is very important that a mistake like that should be corrected, is it not?—Yes

8529. Now, General Strachey further says that on the whole navigable part of the Godavery there are not 50,000 acres of cultivable land; is that consistent with your notion?—I cannot tell what he can possibly mean by that.

8530. He says, that from Chanda to the head of the Delta there is no cultivation whatever and no population whatever?—I can make nothing of that.

8531. *Chairman.*] He means, I think, not that the place is absolutely without population, but that it is very slight indeed?—The population is very thin up to the second barrier; it is far greater above that, but still on the Wurdha line, on our side of the Wurdha line, it is a thinly populated country up to Chanda.

8532. Mr. *J. B. Smith.*] I have before me a plan of the Godavery river, and we have already had in evidence that up to the second barrier there was the first year a traffic of 20,000 tons, but this map shows that after you pass the second barrier there is a population of 200,000 inhabitants between the second and the third barriers; are you aware of that?—That is in our district alone; it would affect at least two millions of people in all if the navigation is opened to the foot of the third barrier.

8533. Because we should take the Nizam's population?—Yes, the main Godavery above the Wurdha, which is navigable, passes through the Nizam's country on both sides with a highly flourishing and populous country, and a highly intelligent and energetic race.

8534. Then it is quite clear from these statements that General Strachey has made a great mistake in his statement that there is no cultivation nor population whatever from Chanda to the head of the Delta?—Those statements convey a totally false impression of the case; but what I say is this; the question is not what the population is between Chanda and the sea, any more than with respect to the Suez Canal what the population on the Red Sea is; the question is, what districts it will join; we do not cut the Suez Canal because of the Red Sea, but because of India and England; we do not make the navigation up the Godavery for the sake of the thinly populated districts, but to connect an immense, populous, fertile country with the ocean, and so with all the rest of the world; and to speak of the population on the line itself is to speak of that which has nothing to do with the matter.

8535. You are aware that the Government propose to lay out a large sum in making a railway in the Indus Valley?—Yes.

8536. Five millions is to be laid out on the Indus Valley; would not that compete with the River Indus?—It could not carry so cheap as the Indus could carry; it would not pay its working expenses, or only barely do so.

8537. If it is argued that if you open the Godavery it will compete with the Great Indian Peninsula, if you make a railway parallel to the Indus, will not that compete with the River Indus in the same way?—Yes; but it seems that there is no objection to make a railway to compete with the river, though there is great objection to open a river to compete with a railway.

8538. This district is described as a desert, as producing nothing for want of rain. Now would it not be more desirable, therefore, instead of making a railway through that district, to make a canal?—There is at this moment a project completed for a magnificent canal down the whole line of the valley to Hyderabad, which will both irrigate the country and produce a population, and carry the whole traffic in a perfectly effective way. That project is now completed. I do not know whether they have actually begun it, but it is all ready to begin.

8539. But it is said that this line is made for political reasons. Supposing you had a canal with steamboats on it, would not that get rid of the necessity for making these railways?—I am no statesman, only a drawer of water; I do not enter into the question whether a certain line of railway is necessary for military and political purposes; but with respect to the comparison of a railway and canal for those purposes, there can be no question. Anybody can judge of that; a railway is the most helpless thing in the world in war; it can be destroyed in a moment, because you cannot guard it; but a canal, though it may be destroyed, is far more capable of defence than a railway, because you can keep armed steamers running upon it at all times, day and night, independent of the traffic, which you cannot on the railway; and another great thing in India is that an irrigation canal in use would have the whole population on the side of it, and it would be a very dangerous experiment for people to try and destroy a canal; the people would be inclined to protect it; whereas they would not care about a railway being destroyed.

8540. Sir *C. Wingfield.*] Would it not be as easy to cut the canal banks as to tear up the rails of a railway?—Yes; but you can run your steamers, independently of the traffic on the canal, while on the railway you are obliged to keep the line open for traffic. The canal is far more defensible; that is the difference.

8541. Mr. *J. B. Smith.*] The railway projected from Lahore to Peshawur, I believe, is distinguished for the great number of streams which it passes?—Yes.

8542. And consequently the great number of bridges that would be necessary?—Yes.

8543. Now,

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8543. Now, in a military point of view, would not that line of railway be easily destroyed?—Yes; it would be destroyed immediately if there was any disturbance within hundreds of miles of it.

8544. Sir *D. Wedderburn.*] Do you see any essential obstacle upon those Punjaub-rivers against the American system of ferrying trains across the river, without making bridges?—No.

8545. They have a system there of running the train on to a very large steamer and ferrying it across and landing it on the other side, where the rivers are so wide or so difficult to bridge, that it does not pay to make a permanent bridge. Do you think that it could be done on the Punjaub rivers?—It could be done but there is a great objection to it, which is that the rivers rise and fall so prodigiously that there is so large an extent of the bed covered with water at one time of the year and not at another.

8546. But does not that objection tell with equal force against bridges, as making them both very expensive and also insecure?—They can be easily secured; there is no difficulty about that; but they would be expensive.

8547. Very often bridges on the Indian railways have been carried away by this sudden rise of the rivers?—There are, I suppose, 100,000 bridges, at least tens of thousands, built in India, that have never been injured.

8548. Taking those great bridges over the Nerbudda in particular, and over other rivers in that part of India; if they have not been actually carried away, they have been repeatedly made unserviceable owing to the damage done by floods, have they not?—It cannot be denied that most dreadful mistakes have been made with railway bridges, and there are numbers which have either fallen down, or had to be taken down.

8549 You do not consider that the ferries meet the difficulty?—In very few places in India, on account of the great rise and fall of the rivers.

8550. *Chairman.*] Did you forward a memorandum to the Secretary of State, on the subject of water communication?—Yes.

8551. And has it been brought under the notice of any other person?—The Secretary of State sent me a reply to that for my answer, which I have forwarded. These three papers are included in this pamphlet, which I beg to leave with the Committee.

8552. Mr. *J. B. Smith.*] Have you ever been along the line of the Madras Railway?—I know the whole country; I have not been on the railway itself.

8553. You know very well therefore, that that railway is made to avoid all the towns, is it not?—Yes, for 400 miles it does not touch a single town.

8554. Could you name any of the large towns which it avoids, and state the population?—Poonumallee, with probably 15,000; the Mount, about the same; Palaveram, Conjeveram, perhaps 10,000; Wallejabad; Wallajahnugger, 100,000; Arcot, I suppose, 30,000 or 40,000; Vellore the same population perhaps; Salim and Coimbatore, I suppose 30,000 or 40,000, or perhaps more.

8555. And what distance is the railway from the largest town?—From Wallajahnugger, I think, it is about 12 miles.

8556. So that the passengers are set down, if they want to go to the city, at that distance from it?—Yes.

8557. And what means of conveyance have they to the town?—They have one branch railway from the main railway to Conjeveram.

8558. They have made a branch?—They have made a branch which cost 100,000 *l.*, and the Government guaranteed 3 per cent., and they took that over from the company, paying them 60,000 *l* for it; so that the shareholders lost 40,000 *l.* and the Government have lost the 60 000 *l*, for it makes no return worth mentioning.

8559. Ought not that railway to have been made so as not to miss the towns?—Yes, the line of the railway should be exactly along the line of the towns I have mentioned; all the agricultural population lies on that line also.

8560. Sir *D. Wedderburn.*] There is a station at Salem, is there not?—Near Salem, I forget the exact distance. My great point is this: that what India wants is water carriage; that the railways have completely failed, they cannot carry at the price required; they cannot carry the quantities, and they cost the country 3,000,000 *l.* a year, and increasing, to support them: that steamboat canals would not have cost more than one-eighth that of the railways; would carry any quantities at nominal prices, and at any speed; would require no support from the Treasury, and would be combined with irrigation; and that this water carriage is now absolutely necessary, as if no railways existed, to enable the country to prosper, and to contend with America, for instance, where they have water carriage.

Mr. James Hutton, called in; and Examined.

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8561. *Chairman.*] Do you reside in India?—I have resided there several years.

8562. Are you connected with the British Indian Association of Calcutta?—Yes, I am their representative in London.

8563. Were you present when the evidence of Mr. Dacosta was being given?—Yes.

8564. We do not want you to go over his evidence again, in so far as you agree with it, but do you wish to give the Committee some further evidence respecting the opinion that is entertained in Calcutta of the annual migration of the Government of India to Simla?—Yes. There are one or two points that I am afraid I must allude to, which Mr. Dacosta mentioned, but which I should like to strengthen, if possible. First of all, the cost to the State is about 40,000 *l.* a year, that is for the Viceroy alone; irrespective of a large allowance for establishment and clerks; which represents the interest of 1,000,000 *l.* sterling at 4 per cent. Then I would observe, that until the Viceroyalty of Sir John Lawrence no Governor General found it necessary to go up to the hills for a lengthened period. Sir John's predecessors went away for two or three months, either on a tour through India or to Burmah, but it was thought quite possible to remain in Calcutta through the whole season, either wet or hot. The Governor General has a summer house at Barrackpore, about 16 miles from Calcutta, situated in a park, and accessible by road, by railway, and by the river.

8565. What are the dimensions of the park, do you know?—I do not know, but it is a very large park. The complaint in Calcutta, among the natives more especially, is, that during seven

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months of the year the Viceroy and the Executive Council, of whom generally one at least is absent on leave, are isolated from British India generally—and from the independent states of India also—with the exception of the Punjaub. They say that the non-official members of the Council, as well as the native members, never accompany his Excellency to Simla. The members for Madras and Bombay are also usually absent. The next point is, that advantage is taken of this comparative leisure to pass many enactments which would probably encounter some opposition if discussed in Calcutta. For instance, by law it is necessary to give 30 days' notice of every new Bill submitted to the Council; but when the Council is up country the provisions of the Bill have to travel down; three or four days are lost in coming down; three or four days the objections take to go up country; consequently, at least one-fourth of this interval is lost Then a further time is taken up in translating the objects of the Bill into the vernacular languages; and I think practically about one-half of the time is actually lost to the native community. They do not know what the objects of the different Bills may be. As an illustration, I may mention that the Land Improvements Act was introduced at Simla, apparently for Northern India only; but on the last day Mr. Strachey mentioned that it was to be extended to the whole of India. Nothing was known of this Bill. It is a Bill that has since been much canvassed both in Madras and Bengal, but it was not known that the Bill was to be extended before it was passed. There was another Bill, called the European British Subjects Bill. There was some correspondence on that. The Landholders' and Commercial Association in Calcutta addressed a letter to the Government of India in the Home Department, complaining of it. It is a letter addressed to Mr. E. C. Bayley, Secretary to the Government of India, Home Department: "Sir,—I am directed by the Committee of the Association respectfully to beg that you will represent to His Excellency the Governor General in Council the surprise and dissatisfaction felt by them to learn that a Bill had been introduced into His Excellency's Council at Simla to alter certain laws affecting European British subjects, and that the same had received the assent of the Governor General before any opportunity had been afforded them, or the non-official European community generally, of discussing this new Confirmatory Bill, or of ascertaining its real bearing as affecting the rights and liberties of European British subjects. The Bill was introduced into Council by the Honourable Mr. Stephen, at their meeting on the 19th July, 1870, who explained the necessity of introducing some measure to confirm certain Acts passed by the local Legislature of the three Presidencies, respecting which doubts had been raised as to their application to European British subjects. The Council thereupon adjourned to the 2nd August, on which occasion the 'European British Subjects Bill,' which the Committee presume to be a new heading for the 'Local Acts Confirmation Bill,' mentioned above, was referred to a Select Committee of the Council to report in a fortnight; and on the 30th August their Report was considered and agreed to, with the addition of several important amendments, proposed by Mr. Stephen. On the same date the Bill received the assent of His Excellency the Governor General, but was not published as Act XXII. of 1870 till the 20th September, the first and only intimation that the general community throughout India had had of the nature of the measure brought forward and matured in the Council at Simla, in the absence of the non-official members, without discussion, and without publishing for general information either the Draft Bill or the Report of the Select Committee upon it The committee views with grave alarm the introduction in the Act of a section of the nature of Section 2, which, so far as the committee can understand its meaning, may at any time be so construed as to seriously affect the liberty of all European British subjects in this country, notwithstanding the opinion given by the Honourable Mr. Stephen, that 'the only effect of the Bill was to make the law as to European British subjects that which till lately every one had supposed it to be,' an opinion which I am desired respectfully to state, was never entertained by this Association. The committee very respectfully but strongly remonstrate against the haste and reticence that has characterised the proceedings of the Council with respect to this Bill, and would urge upon His Excellency the hardship of the introduction of any measure affecting Europeans, for the consideration of the Council of the Governor General, unless when holding its sittings in Calcutta, where alone the non-official members can have the opportunity of taking part in the discussion of measures which may prove to be of vital importance to all European British subjects of Her Majesty resident in India—I have the honour to be, Sir, your most obedient servant (signed), *A. Wilson*, Secretary." The answer to that is in a very few lines, from Whitley Stokes, Esq., Secretary to the Government of India, Legislative Department, to A. Wilson, Esq., Secretary, Landholders' and Commercial Association, dated Fort William, the 10th March 1871: "Sir,—I am directed to acknowledge the receipt of your letter, dated the 15th February last, to the address of the Secretary to the Government of India, Home Department, and in reply, to acquaint you that Her Majesty's Secretary of State for India has informed the Government of India that Act XXII. of 1870 (to confirm certain laws affecting European British subjects) has been considered by him in Council, and that it will be left to its operation. Under these circumstances it seems useless to enter into any discussion as to the policy of the measure, or the manner in which it was passed.—I have the honour to be, Sir, your most obedient servant (signed), *Whitley Stokes*, Secretary to the Government of India, Legislative Department." European British subjects complain here of what may be called a hole-and-corner legislation, that a measure which concerned them very seriously was passed without any reference to them whatever.

8566. Have you anything further to add in reference to the course pursued in going to Simla?—The Legislative Council contains at present three native Members, the Maharajahs of Jeypore, Pattiala, and Vizianagram, of whom the two first named are not British subjects themselves, and not amenable to our laws in any way; the Maharajah of Jeypore during the whole of 1870 was the sole native member, and he speaks English very imperfectly, and understands it very slightly; then there are two non-official members, chosen

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chosen by the Viceroy from the mercantile community, and generally in connection with the Bank of Bengal; but it is complained that no barrister, civil engineer, or any other professional person, has ever been appointed to this council; non-official members have always been chosen from among the merchants, and the merchants themselves say, that these gentlemen do not represent them because they are not chosen by themselves; they are simply the nominees of the Viceroy, and naturally anxious to keep on good social terms with Government House. Bombay and Madras are altogether left out in the cold.

8567. We have to confine ourselves to Indian finance; have you anything to add in that view of the case?—I will only add that Simla is to be abandoned eventually; it is unhealthy. In the year 1870 a grant of 50,000 *l.* was allowed to establish a new sanatorium at Raneekhet. That expense is still going on, I do not know at what rate every year, but of course it is adding to the general expenditure; then, according to the opinions of very many persons, it is doubtful whether it will answer after all, and it is open to the same objection as Simla; Runeekhet, like Simla, being deficient in wood and water; and means of access must be provided.

8568. Will you proceed to the income-tax; do you wish to add anything to the evidence given by Mr. Dacosta about the income-tax?—Yes; one thing he passed over with regard to the incidence of the tax upon the poorest class of cultivators. Mr. George Campbell, the present Lieutenant Governor of Bengal, in his report on the income-tax for 1869–70, said that, "As distinguished from 25,483 proprietors and sub-proprietors, and 13,463 tenants, it appears that so many as 34,375 mere cultivators have been assessed to a tax on incomes of not less than 500 rupees (50*l.*) per annum, thus beating the traders (exclusive of bankers and merchants), who number 33,308." His Honour further stated that he had expected that "in this country of very small holdings cultivators would have been almost entirely free of income-tax, instead of being the most numerous class assessed," and he was consequently driven to the conclusion that the cultivators in the Lower Provinces were "over-assessed as compared to other classes." The tax at that time was levied on incomes of 50 *l.*, at the rate of 2 per cent. In that year, 1869–70, in the Lower Provinces, out of a population of about 40 millions, 171,461 persons, or 43 out of every 100,000, were assessed to the 1 per cent. tax on incomes of 50 *l.* and upwards. The gross collections amounted to 336,618 *l.*, the charges to 38,568 *l.*, the net receipts to 298,049 *l.*, and the per-centage of charge on collections to 11·4. The number of objections preferred during the year were 64,407, of which 36,849 were declared to be valid. In the following year, 1870–71, when the tax had been raised to 3⅛th per cent. on the same minimum rate of income, 50 *l.* per annum, the proceeds of the tax were only 693,004 *l.* It had been expected that the proceeds would be 840,737 *l.* The number of assessees was 60,000 less, and the cultivators were reduced from 34,375 to 18,079. The number of objections filed was 90,784, of which 48,128 were allowed to be valid. Mr. Alonzo Money, the member of the Board of Revenue specially charged with the Income Tax Department, illustrates somewhat in this way the difficulty attendant on the correction of a wrong assessment: he says, "Take a common case: a poor man, whose income is much under 500 rupees (50 *l.*) has had a notice to pay part or the whole of 19½ rupees (1 *l.* 19 *s.*) within a fortnight. He is away from his village when the notice is brought; on his return a week later he goes to look for the assessor to object, but the assessor has moved on, and the man's labour is required in his fields; he returns and, afraid of what may happen, sells his cow to realise a part of the demand, borrows the rest, and pays what he does not owe. Or, the man wrongly assessed finds the assessor and lodges his objection; but he has no proofs, he keeps no accounts; the word 'income' even conveys an idea which has never entered into his head, his mere denial is disbelieved, for the assessor assessed him after an inquiry in the village, and upon information given by neighbours; his objection thrown out, he finds he has not the money to appeal, and so he goes home, and waits to see what will come next, what comes next is a summons to appear before the magistrate, who under the law cannot listen to his plea of non-liability and the matter closes with the sale of all his moveable property, which realises a quarter of the demand against him;" and the magistrate's court before which he has to appear is very often 30 or 40 miles distant, two or three days' journey. The book which I hold in my hand is a report of the administration of the income-tax, under Act 16, of 1870; there are some 20 or 30 reports from collectors and deputy collectors, stating the feelings of the natives with regard to the income-tax; some of them are rather long, but there is a short one given by Mr. Lyall, officiating collector, Dacca, dated 28th July 1871, and it gives generally what was the opinion of the natives. He says, "The original rate of 1869–70 was, as a rule, not objected to. The tax has never been a popular one, but no great discontent was caused, or would ever have been caused, by the original rate of 1869–70 The raising the tax in the middle of the year was looked on as a piece of bad faith; for many who would have objected against a tax of nine rupees did not do so against one of six rupees, on account chiefly of the expense of appealing. Unfortunately, too, officials connected with the tax, one and all, assured the people that it was an increase to meet a pressing and temporary emergency. The tax of 1870–71 at 3⅛ was thus looked on as a double piece of bad faith, and there has been a good deal of grumbling." The same thing happened in the North Western Provinces. Mr. C. A. Elliott, Officiating Secretary to the Government of the North Western Provinces, in his letter to the Secretary to the Government of India, Financial Department, dated 3rd July 1871, gives an instance of the sort of oppression that took place there. He says, "The tehseeldar of Bhowgoan, in the Mynpoory district, had in a previous year assessed a number of persons under the Act. Then came the Act of 1869: he called a lot of these men up, and asked whether they would prefer to pay him two rupees each or to pay Government six rupees. Of course, every man relied on the chance of getting off on appeal, and all refused to pay the tehseeldar. The tehseeldar then went to work very craftily; he picked out a few who he knew, or thought, would appeal, and he assessed them at six rupees; these ap-

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pealed, but to no purpose; how could it be otherwise? A collector cannot possibly inquire into each case, and he must rely on such well-paid officials as tehseeldars. Well, when the result of the appeals was made known, the tehseeldar sent for the rest of the men whom he had originally spoken to, and pointed out what had happened, and then asked whether they would not change their minds, and pay him the smaller sum, instead of paying the larger one to Government; they all agreed, and escaped taxation. Shortly afterwards the tehseeldar got involved in other malpractices, and was dismissed; and then, but not till then, did the whole matter come to light." Mr. F O. Mayne, who is officiating junior member of the Board of Revenue for the North Western Provinces, gave an instance which came under his own knowledge. "In the city of Bareilly the proportion of the lists was entrusted to certain native subordinates, the city being divided off between them. Not a single complaint was lodged regarding the preparation of this list; but on the revising officer, Mr. Kaye, locally revising the list, going from house to house, it was discovered and admitted by the peshkar, that the preparation of the list in his case had been entrusted by him to a chuprassee on four rupees per mensem, and this man had entered whom he pleased and left out whom he liked. Further inquiry proved the assessment to be utterly false, and yet no one complained. If this can happen under the very nose of the collector, how much more will it not be the case in the interior of districts where personal attestation and scrutiny by European officers is out of the question." That is all that I wish to say upon the income-tax.

8569. Would you wish to say anything on the subject of local taxation, especially as regards the Bengal cesses for roads and education?—Yes; I believe it has been already explained, that the Supreme Government, being unable to meet the constantly increasing demands made upon them by the provincial governments for certain things, such as education, printing, police, gaols, and so on, drew a hard-and-fast line; and threw all these things upon the provincial governments, but they gave them, not the amount that they had hitherto expended themselves, but 350,000 *l.* a year less, and told them that they must make up by local taxation whatever was required for the deficit, if any. The opinion in India is, that this system must lead to a great increase of taxation, because it will certainly excite a sort of emulation and rivalry among different Lieutenant Governors. If, for instance, the Lieutenant Governor of the Punjab sends down a flourishing report about his schools or gaols, next year some other Lieutenant Governor will seek to surpass him, and he can only do it by spending more money, and he can get the money only by imposing fresh taxes. In Bengal they complain more especially of the two cesses, one for roads and one for education. They say, first of all, that these are not wanted, and, secondly, that they will not produce so much as is now obtained by voluntary exertions on the part of the natives themselves. These cesses were imposed by the Supreme Government in direct opposition to the Bengal Government, and they were sanctioned at home against the dissents of Mr. Elliot Macnaghten, Sir Erskine Perry, Sir Frederick Currie, Mr. Ross Connelly Mangles, Mr. H. Toby Prinsep, Sir H. C. Montgomery, and Sir F. J. Halliday; all men of experience, and most of them personally acquainted with Bengal. It was said by the natives themselves, that this cess was in direct infringement of the permanent settlement, and that was so far allowed that, in order to prevent the appearance of this violation, the ryots are assessed as well as the zemindars, and not only assessed, but three-fourths of the rate falls upon the ryots, and of course the zemindars will make them pay the remaining one-fourth one way or another. It is an income-tax actually of more than two per cent. upon profits derived from land; and that is the main point taken by the zemindars; they say that it does fall upon land, because profits derived from land in a direct way are actually the same as if they were derived by rent. In Bombay, the deficiency is about 100,000 *l.* a year that has to be made up by taxation. The gaols especially there are found to want a great deal of outlay. Sir Seymour Fitzgerald stated that a more disgraceful thing than the gaol at Karwar he never witnessed in any part of the world. Prisoners under severe sentences are chained to a ring attached to a bar which runs up and down their room, "so as to make it impossible for any unfortunate man to turn round and lie on his side without the infliction of considerable pain". He says the lunatic asylum at Poonah is "a scandal to a civilised nation." He further complains of this: it was required at Bombay to build a new court for the High Court of Judicature; there was a fund called the Native Judges' Fund, and the accumulations from it had amounted to about 100,000 *l.*; but the Supreme Government came down upon this money and seized it, and the new High Court of Judicature had to be paid before out of the local fund; and the same thing happened with regard to the Small Cause Court. A similar case occurred at Calcutta. The money that was accumulating in these funds was appropriated by the Supreme Government, and the local government was left to erect the buildings at its own expense.

8570. Have you anything further to add with reference to local taxation?—With regard to the road cess, the objection is that these roads are for the benefit of all, for the benefit of the consumers as well as the mere producers; they benefit the people in towns, and so on. The towns are exempt, the municipalities are exempt from that cess, and it falls entirely upon the rural population. These object that the roads are not made for them only; a new road enables them to send produce to market, but the consumer receives that produce at a cheaper rate than he otherwise would do, and therefore ought to pay his share.

8571. Sir *C. Wingfield.*] Did not the Duke of Argyll say that house property in towns should be made assessable to that tax?—He says all property accessible to the rate should be made to pay, but all towns that have municipalities of their own are exempted.

8572. Because they impose other taxes?—Yes, but their funds do not go towards the roads in any way. At present the road cess falls entirely on the agricultural population. A great majority of the zemindars have let their lands out to sub-tenants; these have all to pay, and the landlord also; there is no advantage to the landlord, his lands are let permanently; he can get nothing more because the under-tenant is profited. And besides that, they said that these roads are not

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not wanted; in the Lower Provinces the water communication suffices. And another thing is that through a great part of the season roads are not passable. No less potent an objection applies to education. Mr Campbell has checked what they there call high education, that is the schools in which English is chiefly taught, and devoted a great deal of that money to the smaller schools, the primary and elementary schools But the natives object that this money was not required to be so appropriated, because they themselves maintained some 30,000 primary schools at their own expense. One zemindar in particular (Babu Joykissen Mookerjee) has an income of about 10,000 *l* a year, and he spends of this 1,200 *l.* a year on schools on his own estates; but with this new cess coming in he means to stop his voluntary payments and pay merely what will be required, 2,000 rupees instead of 12,000; and the same with others; so that less will be obtained hereafter than is obtained in the ordinary way by benefactions. Another complaint which the natives of India make is against the Cooper's Hill Engineering College, on the ground that it is not required. It was said, I think, both by General Strachey and by Colonel Chesney, that the natives would never make good civil engineers, at all events that they had not made good civil engineers up to the present time. It was admitted, I think, that there were large tanks in the Mysore district and large canals in the North Western Provinces; but it was said, on the other hand, that these did not show real civil engineering skill, because a great deal more power had been expended on their construction than was necessary, and that they were much larger and heavier than the occasion required. But these works were made two or three centuries ago, at which time in this country we could not have done any better ourselves. But besides that they say, supposing it were still necessary to get engineers from England, you would get them by increasing, as has been found necessary to do, the minimum rate of salary. I think it was formerly 300 rupees a month, it is now 400 rupees; but notwithstanding those 400 rupees the Government have established the Engineering College at Cooper's Hill, showing that if they did not get the Civil Engineers that they wanted, they were aware it was because they offered them too little. But Colonel Tyrrell, who had great experience in India in civil engineering, he was executive engineer for 15 years in the Madras and Bombay Presidencies, in the Nizam's assigned provinces, in Berar, in the Central Provinces and in Oudh; and he says, "We have excellent stuff among the natives for engineers, great intelligence, a singular aptitude for figures; the patient eye and hand for drawing; above all, the faculty and habit of minute attention to details that elude our observation. It may be years before any natives are trained with sufficient grasp of knowledge and sufficiently broad views to project or devise any original or extensive plan; say, for the irrigation of an unimproved tract, or other great work, but to carry out the plans of a competent superior, there could be no better executive agency;" and I will add, that they have never had a fair chance since the conquest of British India. The British have taken into their own hands all the engineering; they have not given the natives an opportunity of studying the subject, except at Roorkee, and there merely in a very subordinate position. There are many other things of which they complain. for example, the expenditure with regard to the expenses of Government House. The salary of the Viceroy, 25,000 *l.* a year, they do not object to, but the staff and household cost 16,000 *l.* a-year more; the personal staff over 7,000 *l* a-year more; the State yacht 652 *l*, and the body guard nearly 9,000 *l.* a-year; and that body guard for seven months of the year is doing nothing at all but amusing itself when the Viceroy is away. These are all small things, but I think that they gall the natives more than the larger expenditure; just as about the Sultan's Ball, constantly a Hindoo will ask why 120,000,000 of Hindoos should be made to contribute to a ball to the head of a religion and a race that conquered and despoiled them The same with the Persian Mission, the Chinese Consulates, and the payments for International Exhibitions They say that they have to send home samples, and so on; that the Manchester gentlemen may learn what they want, and send out their manufactures, and supplant them. There was another small thing in itself. The natives complained that the expense of the Panthay Mission was debited to the Indian Treasury; that the Panthays, that is, the Mahomedan inhabitants of Western China, were sent from Calcutta at the expense of the Indian Government to this country, where they are maintained at the expense of the India Office; they are in rebellion against the Emperor of China, our ally, and they have come to this country to ask the assistance of the British Government against their sovereign, with whom we are bound by treaty. The amount may not be much, but all these little things give ground for complaint.

8573. Mr. *J. B. Smith.*] As regards the Manchester manufacturers supplanting the Indians, have the Manchester manufacturers any advantage over the Indians in the way of duties?—No, but by machinery and superior skill, of course, they can supplant the native weaver; they have done so, the native weaver has almost ceased to exist in the land. It is quite natural that the Manchester manufacturers should do so; but it is equally natural that the natives should decline to pay the expenses to enable the Manchester manufacturer to supplant them

8574. In what way do they pay the expenses?—India is charged with the expense of whatever is sent to exhibitions here, and these things are sent home to show what sort of manufactures will suit the people of India; it enables the manufacturers in England to compete with them, and generally at a cheaper rate.

8575. But if the English manufacturers have no advantages beyond those enjoyed by the Indians, have they any just cause to complain?—No doubt it is a small sum; but that sum comes out of their pockets they do not immediately benefit by it in any shape or way.

8576. Mr. *Dickinson.*] Cheap articles come to the consumer in India, and benefit him in that way, do they not?—I have no doubt that the consumer benefits by it in the long run. I quite think so; but he does not see that now, he only feels the present pinch of the shoe.

8577. It is the Indian producer who complains, and the Indian consumer who will benefit, I suppose?—I am speaking of the Indian community generally.

The Right Honourable WILLIAM NATHANIEL MASSEY, called in; and Examined.

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8578 *Chairman.*] WILL you be good enough to state during what period you were in India? —I went to India in the spring of 1865, and remained there till the spring of 1868.

8579. Holding the office of Financial Member of Council?— Financial Member of Council.

8580. The Committee have invited you to attend here to afford them any information which you can give in regard to the state of the finances in India, and I should be glad if you could give us your views with reference to the income tax?—When I first came to India my attention was, of course, directed to the state of the revenues, and I found that the expenditure pressed very hard upon the revenue; and it seemed to me, upon the best estimate which I could form that an addition of about 1,000,000 *l.* sterling a year was required to place the revenues of India in a normal state.

8581. When you say a normal state, you mean to meet the then established expenditure?—To meet the then established expenditure and the ordinary demands upon the Government of India. Casting about for ways and means, I found that the field was very contracted, and that, in fact, the option which a financier had in selecting new sources of revenue was exceedingly limited. The expediency of restoring the income tax, which had just expired, or was on the point of expiring, when I entered upon office, was pressed upon me from various quarters; but, in the first place, I thought that, whatever might be done hereafter, it was not desirable just when the income tax had expired by efflux of time, to renew that tax, which had been imposed solely for the purpose of meeting a particular exigency. In the imperfect state of my information at that time I did not then venture to pronounce the opinion which I subsequently formed as to the policy of an income tax, but not being prepared to propose any important reduction of expenditure, it was desirable to provide additional ways and means, and I did so in the second year of my office, I think. The first year I was content to let things remain pretty well as they were, but in my second year of office I decided upon recommending additional taxation from three sources. In the first place, I appointed a commission to inquire into the practicability of increasing what are called the institution fees, that is to say, the taxes upon legal proceedings; and considering that the natives of India were exceedingly fond of law, and very lavish in their expenditure upon that luxury, I thought it not unfair to consider whether the Government might not benefit by this propensity. The result was that, after a very laborious inquiry, conducted by Mr. Justice Jackson and Sir Charles Hobhouse, we came to the conclusion that the scale of fees upon the institution of legal proceedings might be revised, and that some addition to the revenue might be derived from that source. The scale proposed by the Commissioners gave, upon a very rough and general estimate, an addition of between 600,000 *l.* and 700,000 *l.* I reduced that in my Budget estimate to 500,000 *l.*, and I believe it realised between 400,000 *l.* and 500,000 *l.* The second source of revenue to which I applied was a tax upon the export of grain. This of course was immediately criticised most severely by all the advocates of free trade; but I found, so far back as the year 1859, a small tax of, I think, half an anna a maund had been imposed upon the export of grain without producing any perceptible mischief to the trade; that tax had subsequently been increased to two annas a maund, and the result was that, instead of any diminution of exports, there was a large increase. I therefore felt very little hesitation on the score of the free trade theory in recommending a small addition of one anna per maund to the existing tax. The result of that was, that the trade still continued unabated, and I think a small addition was made to the revenue of something under 200,000 *l.* I thus obtained about 200,000 *l.*, and I had to obtain from 300,000 *l.* to 500,000 *l.* more. Now I must observe that, soon after I came to India, I was convinced that it was not only impracticable, but unjust, and indeed almost absurd, to maintain one central system of finance through the whole of that heterogeneous empire. I obtained the permission of the Viceroy to issue a circular to all the local governments, asking them their opinion as to the expediency and practicability of instituting a limited system of local finance, of course, for local objects, and whether they could furnish from their own governments any resources in aid of that object. The answers which I obtained were, upon the whole, favourable to the principle of the scheme, with the exception, of Madras, which was entirely opposed to it. They all said that the principle was right, that it was perfectly practicable, and that local resources could be found. I may say that I was very soon satisfied there were odds and ends of finance that might be fairly utilised without doing harm to anybody, but which were not fit subjects for an Imperial system of finance; and the only way in which those sources could be utilised was by conferring upon the local governments some power of taxation with reference to their local wants. Having in view the policy which I have sketched, I determined that it would be desirable to frame a tax for the present uses of the Imperial service, which might be subsequently available to the local governments in the event of the scheme which I proposed being carried into effect; and I selected a license tax upon trades and professions. It was a very moderate tax; it was a rough and arbitrary assessment upon trades and professions, including the civil and military services; and I felt the less disinclination to impose a tax of that kind, because trades and professions contributed nothing directly to the revenues of India; and therefore, following not merely the English practice, but following what was a practice fairly established in the municipal taxation of India, I thought a rough license tax would be a very useful instrument of taxation to arm the local government with, by way of inaugurating a system of local finance. That license tax was calculated to yield about 500,000 *l.* a year; it did ultimately yield about 650,000 *l.* And thus I had from 1,200,000 *l.* to 1,400,000 *l.* a year added to my Ways and Means.

8582. Will you tell the Committee what was your view in preferring a license-tax to an income-tax?—The reason which determined me in preferring a license tax to an income tax was one which

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which I have already named, namely, that a license tax would apply to persons who contributed nothing to the resources of India. Trades and professions were not taxed in any way save as they were subject to the Customs and Excise; in no other way did they pay a tax not shared in by the rest of the community of India; but when I came to consider the alternative of an income tax, I found myself met with the difficulty of renewing the income tax upon scientific principles. It would be hardly possible to establish an income tax throughout the whole of India upon the rough and arbitrary system which was adopted in the license tax; and I was very early satisfied, from my experience of Indian affairs, that any attempt at the inquisitorial process of the English income tax would be fraught with very great difficulties, and even with danger. I looked at the income tax not merely in a financial point of view, but as a very great and serious question of public policy, and I also considered the income tax to be a great reserve of taxation to be resorted to under circumstances of pressure and exigency; *that it was the only* tax to which we could conveniently resort when, from any circumstance whatever, from a famine or from a war, or from any other unforeseen or temporary pressure, it was necessary to recruit the revenues of India. That was very much Mr. Wilson's view when he went out. Mr. Wilson, I need hardly say, was perfectly justified in imposing the income tax under the circumstances in which he found India, devastated by the Mutiny, and disorganised in the financial, and in every other department. But Mr. Wilson felt the danger and difficulty of the ground upon which he trod, and it was with very cautious footsteps that he traversed that ground. He was most emphatic in his intimations that the income tax was only imposed for a particular exigency, which demanded additional resources. I think the deficit of India was then something enormous, 8,000,000 *l.* or 10,000,000 *l.*, and it was absolutely necessary that most vigorous and prompt measures should be taken to repair such a state of things; therefore Mr. Wilson was perfectly justified in resorting to an income tax. But what I object to is the establishment of an income tax as an ordinary part of the fiscal system of India. It ought to be considered as a great financial reserve. Used in that way, occasionally resorted to, it would be accepted, I believe, by the people of India without murmuring. They have been accustomed, under centuries of native rule, to occasional severe exactions, but those exactions were always consequent upon some exigency which they understood and of which they admitted the validity; but they never have been subjected to any regular system of taxation such as that which an income tax implies; and there is a repugnance which you cannot remove in the native mind to submit their pecuniary or private affairs to the inquiry of the State. It is my opinion, that they connect the idea of the income tax (for they are very suspicious, like all conquered people) with some prospective plan of confiscation, and they regard with dread and horror, and with a repugnance which I can hardly exaggerate, the erection of a machinery which will enable the Government to administer such a tax. Therefore it is that I must repeat, at the risk of being considered tautologous, that the plan of maintaining the machinery of an income tax, even although you use it to an almost inappreciable extent for the purpose of applying it suddenly upon any emergency which may arise, is quite as objectionable as creating an income tax with a very onerous burden. In my opinion, when you want extraordinary means, you are justified in resorting to an income tax; but when the exigency ceases let your income tax go and let your machinery be broken up; your machinery you can always revive whenever the occasion ocurs, but do not keep it as a standing menace to the people of India. I have no doubt that these views may sound strange to gentlemen who are conversant only with English finance, but they are views which are founded on the peculiar character of the people of India. I entertain them so strongly, that nothing on earth should induce me to hold office in India as the Financial Minister if the condition imposed upon me by the Secretary of of State was the maintainance of an income tax as an ordinary source of revenue.

8583. Will you be good enough now, if you please, to proceed to give the Committee some information as to the best mode which might be adopted, or whether any mode you think could be adopted of adjusting the expenditure to the income, instead of raising the income to meet the expenditure?—The principle of English finance is, adjust your income to your expenditure. In my opinion the contrary principle should be adopted in Indian finance. The truth is, that your resources are so limited, that if you should outrun the constable a little you are at once landed in a deficit. You cannot expand any of your taxation; you cannot create new taxation, with the exception of the income tax. I wish to say that in round terms, for there is no new source of taxation, as far as I am aware, that it is possible for you to invent. Therefore it is that I would most earnestly impress upon all Indian financiers the expediency of accommodating their expenditure to their income. They were the last words that I used when I left India, "Live within your ample income; you have an income now of some 50,000,000 *l.* a year, and you might, if you chose to be lavish, and to give rein to the local governments, spend 100,000,000 *l.* a year" But you have to consider the services which it is absolutely necessary to maintain; of course, the great military service is indispensable. I will not pretend to go into the question as to the exact adjustment of the military force which is necessary to hold India, but I will assume that the military strength now existing in India is necessary for the purpose. If that is the case you have a military expenditure equal to that of this country; I think it varies from 14,000,000 *l.* to 16,000,000 *l.* sterling a year now. Upon that point I should wish to make an observation with reference to retrenchment. The military expenditure of India comprises, of course, an enormous mass of detail which is to be found in a Blue book compiled by officials (I do not wish to say this disrespectfully) of a subordinate character, and, as far as I am aware, not under the direction or control of any superior member of the Government of India. The Military Member of Council has nothing to do with it; the Commander in Chief, although a Member of Council, has nothing to do with the financial administration of the army; the preparation of these details is entirely left to the local governments, and is under the general superintendence

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tendence of the Comptroller of Military Accounts. The late General Broome, than whom a more laborious or able officer could not be, did, I am sure, everything that he possibly could within the scope of his power to keep those accounts within due limits. But, for my part, I knew nothing whatever about them; they were placed before me perhaps a few days before I had to make up my Budget, and I was told that this was the amount required for the military service. It would have been quite impossible for the Financial Member of Council, whose time is fully occupied, to enter upon the details of a vast system of expenditure which are quite sufficient to occupy the time of a first-class official. I have heard it roundly conjectured by men in India, gentlemen of high station conversant with military matters, that the extreme probability was that a more systematic revision of the estimates would result in the saving of a million a year upon that head alone.

8584. Your view is that there should be as complete a supervision over the military expenditure, with the same sense of responsibility, by an independent Member of the Council, as there was with reference to the finances generally by the Finance Minister?—I think that that is so, and that a Member of Council should be charged with the especial duty, as the War Minister is here, of superintending this vast outlay; and that he should be in constant correspondence with the Financial Member of Council sitting in Council with him, on an equal footing. That idea has been the frequent subject of communication between Lord Sandhurst and myself when he was Commander in Chief in India. Lord Sandhurst's well-known project, which he has frequently submitted to the Government, is the abolition of the office of Commander in Chief, and the conversion of that office into a War Ministry.

8585. I may mention that we have not yet gone into any question of detail of military expenditure, and therefore, perhaps, you had better confine your evidence to this question of supervision, which seems of very great importance; do you consider that it would be necessary, in order to enable a member of Council to discharge the duties which you propose that he should from day to day and throughout the year, be engaged in the examination and investigation of all the details of military expenditure, with a view to economic arrangement?—Yes, I think he should charged solely with that duty; and I believe the very fact of a high officer, like a member of the Council of the Governor General of India, being charged with that duty, would itself have a tendency to restrain waste and peculation.

8586 Then with regard to the civil expenditure, did you consider that you were a controller of that expenditure in all its details, and had you the means of exercising that control?—Far from it; the arm of the Central Government is not long enough to reach the numerous powerful, and I may say, semi-independent governments of India. I may remind you that the Presidencies of Madra and Bombay are in direct communication with the Secretary of State, and they are disposed to resent the interference of the Government of India, and to regard the Government of India more as an equal than as a superior. We found that, I may say, specially with regard to the Presidency of Bombay, that our power of financial control over the expenditure of Bombay was baffled and defeated almost at every point. These great governments had nothing to do, but to aggrandise the importance of their administration, by making out expensive estimates, and by maintaining the absolute necessity of all those estimates when they were criticised by the Central Goverment. It was a very serious responsibilty for the Central Government to take upon itself to say that this and that expenditure, at a distance of thousands of miles under a semi-independent administration, were unnecessary. Of course you might arbitrarily strike your pen through a certain item of expenditure, and say, "It shall not be allowed;" but that was a responsibility which the Government of India were exceedingly loth to assume.

8587. But do we rightly understand that the Budgets from Madras and Bombay, and all the other Governments, came up to you *en bloc*, so to speak, that is complete in all their details, leaving you to find fault with them as far as you could?—Yes, there is a series of Budgets. There is a Blue Book, which has been, I daresay before the Committee, containing I think eight Budgets of the eight separate Administrations. Every one of those is sent up to the Government of India for adoption. If the Government of India puts its finger on one item, and says "It is excessive," they say "It is not; it is exceedingly economical, and you cannot diminish it without starving the service." If you say that such and such an expenditure can be altogether dispensed with, there is a chorus of remonstrance from the whole banded officials of that Government which overbears the Government of India: and probably an appeal to the Secretary of State, which results in a Despatch requiring the expenditure to be allowed. So that the control which the Central Government exercises over the expenditure of India is of the weakest possible description.

8588. You are of opinion that, really to control expenditure, you must begin with it, and follow it at its very root in the minute details, out of which it arises, and that there is no system by which you can take expenditure at the end in the shape of a Budget, but that you must examine it as it goes on in detail?—There is no other mode of retrenching expenditure that I am aware of; and I am quite satisfied that the Central Government is wholly incapable of exercising that mode of supervision; and that was one strong motive which led me to find my way, if possible, to some system of local finance, so that a portion of the Imperial revenue should be allotted to the several governments for their domestic expenditure, and that they should be allowed a license of taxation within certain limits.

8589. We have not yet received the information from the Secretary of State as to the extent to which the system of local taxation has gone, and, therefore, we are unable now to speak from any knowledge that we possess, of the nature and extent of that local taxation; but what I wished to direct your attention to is this, that as far as the system has been explained to us, although there was a limit of charge imposed upon the Imperial revenue, under the new system there is no limit of expenditure, because the local government are allowed to supplement their

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their expenditure, as far as we can make out, indefinitely, by local taxation, that is to say, as far as they can get people to pay taxes; therefore, we have not seen how the new system would tend to keep down expenditure; on the contrary, it seems to increase it?—I think that if a system of local finance was established, the result might be that more public money would be spent throughout the length and breadth of India; but I do not attach much importance to that. What I consider to be the great evil of the Imperial system of finance is this, that you cannot tell how much money you will want. Demands are made for roads, for gaols, for tanks, and for various things which are of local necessity, and we find that the revenues of India are pressed too close upon their margin in order to meet them. My impression is that the present system of finance wholly fails in one most important safeguard of finance; that is, in imposing a principle of economy, or a motive for economy, upon the spenders of public money. The local governments have nothing to do but to draw upon the Imperial treasury, and, of course, they think that the more they draw the more it will redound to the honour of their administration. Again, I would ask the Committee to look at this feature of a central system of finance over a vast country such as is represented by that map before us. Is it not strange that the people of Burmah or the people of Madras should be taxed to make roads, or wells, or buildings, in Bombay or in the Punjaub? But that is the case under the present system. If you bring the whole of the resources of India into hotch-pot as we do, one district gets more than another, and another does not get its proper due. Well, it seems to me that, as you have established several systems of local administration throughout India, and as those administrations are capable of conducting the ordinary business of Government, there is no reason why you should not add to their duties the financial branch of administration, and I think it would be most conducive to the economical administration of those several governments, and would be a great relief to the Government of India from a peril which constantly encompasses it.

8590. I was anxious to make it clear how the system works as a check on expenditure by the local governments, unless the Supreme Government will accept the responsibility of putting an absolute limit to the income which the local governments are to expend; if you leave the door open, so that the local governments may add to their income by local taxation, is it not rather a shifting of responsibility from the Governor General to the local governments than a check upon local expenditure, if the local governments were to carry out your system; is it not, therefore, necessary that the local government should have an absolute limit to their income, and then, as you say, be compelled to live within it?—I think that they should not have an absolute license to tax the people of their province to any extent that they might think fit. I always had it in contemplation that either the Government of India or the Secretary of State should exercise a veto upon local taxation. But my belief is, that if a certain allotment from the Imperial revenue was assigned to each of the local governments, and they were told that any expenditure in excess of that must be provided by them from local sources, they, feeling, as everyone engaged in Indian administration must feel, the danger and difficulty in creating new sources of charge, would have the strongest motives for avoiding the discontent which would unquestionably ensue from anything like a stringent system of taxation. But I would not leave it entirely to the discretion of the local administrator; I would exercise a control either by the Central Government or by the Secretary of State, over any new source of revenue which the local government proposed to create.

8591. You are not then prepared to recommend that the Supreme Government should grant, if I may use the phrase, a credit to the local government for the expenditure, with an absolute injunction that it must administer its affairs within the limit of that credit?—No, certainly not; I would not impose any such hard and fast line upon the local administrator as that; he would, no doubt, receive injunctions from the Secretary of State to practise economy, and avoid undue expenditure, and he would have a motive which he has not now to exercise that economy. With regard to this system of local finance. I should desire that it should be entirely gradual and tentative; it is a very great experiment. In the opinion of some Indian statesmen of the highest authority, it is a dangerous experiment, and one which might involve the credit of India. I do not concur in that alarm at all, but at the same time I should be the last to recommend at once the adoption of a system which should be one of gradual development, and which I hope to see ultimately attained, and I believe it can only be attained by a gradual and tentative process.

8592. Are we not proceeding, one may say, in a circle; in point of fact, for you may perhaps recollect that before 1834 the whole taxation of the several presidencies was carried on, on the responsibility of the Governor in Council of each presidency, and there was no authority on the part of the Governor General to impose any taxes at all or charges upon the several presidencies. That system it was considered a master-stroke of policy to abolish, and make the Governor General and his Council responsible; we are now merely recurring to that which existed before 1834; but what I wish to ask you is, whether we are not recurring to it under infinitely worse conditions than then existed, because at that time were not local governments kept under a most stringent supervision in all their details by the Court of Directors, and are they not now acting with very much less control, and with a much less sense of responsibility?—Yes; I think that since the transference of the Government of India to the Queen, the local governments have been greatly aggrandised, and that they are not under that subordination to the Supreme Government which they were when they were under the rule of the Company; their ideas are higher, and more Imperial than those of the Company's servants, and to that extent I think that unless some restraint was imposed upon the governors of provinces, it is very possible that this system might be subject to abuse; therefore it is that I would only adopt it gradually. I understand that it has been inaugurated in a very moderate way, and I would expand it as circumstances dictated; I would keep a strict hand over the local governments in resorting to

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new sources of revenue; but at the same time I would not lay down a rule that you shall expend so much and no more.

8593. Do you think that the sense of responsibility of the governor of a presidency is now very much less than it was some years before 1834, inasmuch as then the governor had no one to fall back upon to share his responsibility, except the few members of his council, who were personally equally responsible with himself unless they actually dissented; whereas now the governor of a presidency can avoid all responsibility, by putting himself under the control of a Council composed of persons who really occupy no responsible position in India or anywhere else?—I have no doubt that under the former rule of the company, when communication was much less frequent between this country and India, the governors exercised a very wide discretion. In fact, history discloses some particulars of the mode in which administration was conducted, and especially the mode in which money was extorted from the people. Those days have gone by, and the tendency of modern circumstances is to divest the Governors of India of responsibility; even the Governor General now, by means of the electric telegraph, relieves himself from the difficulty of deciding an important question, by referring it to the Secretary of State That is an unavoidable incident of the increased means of communication. It is, I think, a misfortune; but it is one that cannot be helped.

8594. But do not you think that if you allow to the local governors now the power of taxation they will exercise that power with their responsibility very much diminished by the fact you refer to of the rapid communication with the Governor General and the Secretary of State for India; but above all by their being able to shield themselves under their own council composed of gentlemen taken from the inhabitants of the presidency towns, but who have no real responsibility at all for anything that they say or do?—I think that the governor or the principal administrator of every province in India should be held by the Secretary of State to be responsible for the government of his province, and that he should not be permitted to shield himself under the advice of a council. The functions of an Indian council ought to be consultative, and not executive. The Governor General of India, whose council is generally composed of men picked from the various services of India, men of the highest quality, has the power, if he thinks fit, to overrule the decision of the council, and to act upon his own responsibility. I do not think that under the present conditions he is very likely often to exercise that power, unless he is a man of very resolute will indeed.

8595. Do you think that the economy of administration has been in any degree weakened by what is generally called the separation of the Government of India from the financial administration of India, and that the Governor General now, instead of being responsible for the financial administration of India, has morally, and in public opinion, relieved himself of that responsibility?—In my time Lord Lawrence, than whom no man was more conversant with his duties, or more resolute in maintaining his rights, always maintained, and most justly, that he was responsible for the administration of the finances of India; and that, in fact, I was merely his adviser and assistant, which was precisely the position which I occupied. Probably an ordinary Governor General would depend very much upon, and be guided by the advice of his financial minister, pretty much as a limited monarch is guided by the advice of the minister of the day; but at the same time the position of the financial member of council is very different from that of the Chancellor of the Exchequer; for instance, if the Governor General overrules the policy of the financial minister he cannot throw up his office and appeal to what is called public opinion, and justify himself; he is bound in honour to remain at his post.

8596. Bound in law, is he not?—Bound in law. His mode of relieving himself from responsibility must be a postponed and tardy remedy.

8597. All his duty, prescribed by law, is to enter his opinion on the Minutes of Council?—He can enter his opinion on record if he chooses, and it will be recorded in the transactions of the Government of India.

8598. I mean that is the duty prescribed to him by law?—Yes.

8599. And therefore that is his duty in point of morals and honour?—He has discharged himself when he has exercised that duty.

8600. Then do you think that the only mode of enforcing economy in the expenditure, is really to hold the Governor General in his case, and the governors themselves, individually responsible for administering their governments within the finances?—Certainly.

8601. And that they ought not to be allowed to escape any of that responsibility by endeavouring to put it off on the councils or other persons by whom they are surrounded, or with whom they are connected, in the administration?—Certainly; the Secretary of State ought not to receive it as any answer from the Governor General of India that he was guided by the opinion of Mr. Massey, or Sir Richard Temple, or whoever might be the financial member of the council of the day. It is his duty to be responsible for the administration of the finances of India as for every other department of the administration.

8602. Have you directed your attention at all to the singular position of the Government of India and of the local Government in being shareholders in private joint stock companies' banks?—Yes. The Government of India keeps its cash balances at the Presidency Banks at Bengal, Madras, and Bombay, and is a shareholder to a very large extent in those institutions which are joint stock companies. My attention was very soon directed to this anomalous state of things by the difficulties in which the Bank of Bombay was involved. Very soon after I arrived in India a telegram arrived from Bombay, saying, that unless the Government gave assistance to the bank it must close its doors. Well, I of course looked to the cash balances, which were very considerable, and a council was summoned, and it was determined to support, in consideration of the large stake which the Government had in it, besides the cash balances. We, therefore, telegraphed to the Governor of Bombay that he might use his discretion. The result was, that the bank shares, which had fallen to a heavy discount, rose in two days to 60 premium. The Bank of Bombay had, at that time, lost half its capital. A fictitious

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value was thus given to the shares of the Bank of Bombay by the connection of the Government with that bank as a shareholder. From that state of things arose a demand on the part of the ordinary shareholders for indemnity. It is not my province to make any remark upon that, because it has been the subject of debate in the House of Commons.

8603. I should like to ask you whether your attention was directed in consequence of this occurrence to the fact, that for some 30 years the Court of Directors originally and the Home Government had persistently adhered to the principle that it was impracticable to trust the inhabitants of the presidency towns with the power of unlimited banking, and that they had insisted upon a system of limited credits, and that a change had very shortly before the failure taken place by which the Governor in Council at Bombay had in fact swept away that system and converted the Bank at Bombay into a system of unlimited credit in lieu of the limited and qualified credit, which for so many years had been considered essential for the monetary welfare of the presidencies?—Yes; there was that peculiar peril in the mode in which the business of the Bank of Bombay was carried on; and an alteration was made in the Act. Originally the Act restrained the Bank of Bombay from lending money on the securities of joint stock companies, which restriction was removed without the knowledge of the Secretary of State or of the Government of India, by an Act of the local government; and it was in consequence of the removal of that safeguard that all these disasters took place.

8604. Do you know whether it became difficult really to ascertain who was responsible for that very important change in the constitution of the bank; and do you think it is evidence of the growing sense of irresponsibility on the part of the local governments in administering the Government of India in matters of finance?—Yes. It was in vain that the Government of India used all their efforts to trace the history of this alteration to the source which was responsible for it, and, to this moment, neither I, nor anybody else I believe, knows how that clause got smuggled in. But, in completing my answer to the question, I wish to state that after the exposure of the affairs of the Bank of Bombay, I called the attention of the Government of India seriously to their position as shareholders in these banks, and I recorded a Minute protesting in the strongest way, and arguing to the best of my ability, against the expediency of any such connection. But I was alone in my opinion; the whole of the Government were against me; the Secretary of State, however, took the same view that I did, and sent out a Despatch in which he desired that this connection should cease; but in consequence of a strong remonstrance from the Government of Bombay, who said that there would be no chance of reconstituting the bank unless that connection was continued, the intention of the Secretary of State of effecting this severance was for the time postponed. I understand that the subject is again under consideration, and I earnestly hope that the Government of India will be compelled to effect this separation at the earliest possible period. It is not only a most inconvenient, but a perilous and an unseemly connection.

8605. You have no doubt in your own mind that it ought to be put an end to?—Most certainly it ought.

8606. It would seem from the statement of facts before us, that it would be very difficult to make anybody responsible for the state of things now going on?—Yes. The pretended security which is given to the Government is the presence upon the Boards of these banks of certain gentlemen called Government directors who are *ex-officio* directors; who never go near the place, never look into a bank-book, and know nothing whatever about the loans, the credits, the securities, or ordinary transactions of the banks. I think that this fictitious direction should be entirely withdrawn. But if the cash balances are still kept in the presidency banks, it will be necessary for the Government to exercise supervision; and such supervision should be exercised in the shape of inspection.

8607. You mean by a stipendiary officer made to understand that he is performing a responsible duty, and not by a Government director who holds a public office, and is paid nothing?—Certainly; he should be an officer independent of the Bank, and whose duty is solely to the Government of India, an officer of the first class.

8608. And who thoroughly understands the operations of banking and mercantile transactions?—Yes; the whole of the books and accounts of the bank should be exhibited to this officer periodically to report upon.

8609. Mr. *Dickinson.*] What are the cash balances at the bank usually?—The general balance at the Bank of Bengal would run from 700,000 *l.* to a million.

8610. Mr. *R. Fowler.*] What was the date when you were anxious about the state of the Bank of Bombay?—In the years 1866 and 1867.

8611. *Chairman.*] Do you think it is desirable or practicable that the Budget for the year should be so framed as to anticipate a considerable surplus, so as to not merely meet the expenditure, but deal with the amount of debt owing from the Government?—No, I think it is not desirable to have a very large surplus, because under the present system of financial administration, if the finances of India are known to be flourishing, you will find all the local governments beginning to enlarge their expenditure, and you will have your surplus spent half-a dozen times over. And there is another reason why it is less necessary to have a large surplus in Indian finance, namely, that the cash balances are so very large.

8612. Probably you may recollect, that when the change was going to be made in 1834 in the tea duties, the Court of Directors of the East India Company laid it down as a proposition, that they could not govern India so as to make the expenditure keep within the income; and therefore they must keep up the monopoly of tea to cover the deficit, and the Duke of Wellington in reply, said that they must reduce their expenditure within their income?—I wish the spirit of the Duke of Wellington's reply was made applicable to the present administration throughout the whole of India.

8613. Sir *C. Wingfield.*] You found Bombay, I suppose, the most extravagant Government, did you not?—Yes.

8614. I think you say that you do not think that there is danger that the local governments will impose additional taxation to such an extent

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as to be dangerous, and that you would give a veto to the Supreme Government, so that the Supreme Government should check a tendency of that kind. But it seems that latterly it has been the Supreme Government rather that has been urging these local governments to impose additional taxes?—I am not aware of it; that was since I left India.

8615. Lord Mayo, in that decentralisation order, says that it is a necessary part and complement of the system that local governments should impose taxes to meet the deficiency; and he mentions in that order that the different governments of Bengal, the North Western Provinces, Oude, Punjaub, and all, have imposed additional taxes; they are going to add further to those taxes; what I am afraid of is, that the influence of the Supreme Government will not be used to check the disposition to raise more money; what is your opinion on that point?—In my time there was a very great jealousy on the part of the Supreme Government of yielding to the suggestions of the local governments for the imposition of any local taxation. I think that that jealousy was, perhaps, a little excessive.

8616. But now the Supreme Government, having relieved itself to the extent of 350,000 *l.* a year from contributions to the local governments, and having thrown on the local governments those particular public services, which are sure to demand some increase of expenditure, as, for instance, education and roads, that is a direct inducement now to encourage the local governments to find the additional funds that will be required?—Yes; I do not know the scale upon which assignments have been made to the local governments. If that scale is not sufficient, of course they must complement it by local taxation.

8617. By this scheme the Supreme Government relieves itself immediately to the extent of 350,000 *l.*, and from all prospective liability to increased charges?—Yes, that is quite right if the system is to be adopted at all.

8618. How do you think it would be if all the different governments of India were called upon to contribute rateably to what are called Imperial charges, taking as Imperial charges such things as Army, Debt, Diplomacy, Home Charges, Post Office, and Telegraphs, which are common in fact to all India, and will continue, cannot be apportioned among the different governments; to call upon them rateably to meet all the Imperial charges, and then let them spend their surplus or a proportion of their surplus, after defraying the cost of the civil administration, reserving a margin for Imperial purposes?—I would not have the Imperial Government part with certain sources of revenue In the first place, the credit of the Imperial Government must be maintained. Loans will be advanced to the Government of India on the credit of the Central Government, not on the credit of the local governments; I should therefore think it highly impolitic for the Central Government to relinquish its complete control over certain sources of revenue.

8619. I do not think that you quite apprehend me; I do not propose that any power of borrowing should be given to the local governments; but all I mean is that the Supreme Government, having fixed its expenditure for the year, might call upon the local governments to rateably defray that expenditure, and say, "Whatever is left you may have for your own local expenditure; that is to say, the purely civil expenditure, or the expenditure that is really due to that particular province only?—Well, I should rather hesitate to give an opinion upon that point; it is involved in the future development of the system. If the tendency of the system was found to be favourable to the particular mode of supplying the Government of India which you suggest, I should not object to it; but as at present advised, I would tot make it at all a part of the system of local finance that the Central Government should in any degree depend for its resources upon the contributions of the local governments.

8620. It has been thought that this plan would give the local governments a more direct inducement to economy, inasmuch as whatever retrenchments they can make in their administration, the larger surplus would remain to them to spend in useful purposes?—Yes; that would be a very important stride indeed, which you might not be able to retrace if you did not find it answer. I would much rather go by steps, make an assignment to them from certain sources now at the command of the Central Government, and then require them to supplement those grants from their own resources. It might be in the course of the development of the system desirable to change that plan, and partially to surrender to the local governments certain sources of revenue now maintained as the property of the Central Government; but at present I should not recommend any other proceeding than that of an assignment of a certain sum of money from the Imperial Government, with an intimation that that assignment would not be exceeded, and that any local taxation which the local government required for the purpose of supplementing that assignment should be subject to the consent of the Secretary of State or of the Government of India. At present, as the honourable Member for Gravesend is aware, no local government can pass an Act in its Legislative Council which acquires validity until it has been approved by the Governor General; that system I would continue.

8621. At present the income of the different local governments is not very fairly estimated. that is to say, local governments now get credit for an income which is really contributed partially by other provinces; for instance, the Bengal Government gets credit for all the salt that is imported into the port of Calcutta, whereas a very large proportion of it is consumed in the Upper Provinces; similarly it gets credit for all the opium grown in the North Western Provinces and Oudh; the Central Provinces again get credit for a great deal of the salt that is taken into the North Western Provinces and Oudh, simply because the customs line runs through it; Bombay again gets credited as revenue with the duty on opium grown entirely in a foreign state. Therefore, the expenditure as compared with the income of a province gives a very unfair idea of the financial position of a province?—Yes.

8622. Would it not be right to apportion properly the true income to each province?—I think that when the system became more matured there are certain branches of revenue which might be entirely surrendered to the local governments; for instance, abkari or excise; I would retain the

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port duties and the land revenue entirely in the hands of the Central Government; but there are certain sources of revenue which might fairly, in connection with this system, be surrendered to the local governments, when the system became more matured and was found to answer; but under the tentative process I would not surrender any portion of the revenues now collected by the Central Government.

8623. It has also been suggested that the Imperial Government might, for Imperial expenditure, take the salt customs, and opium revenues, and defray the Imperial expenditure from them; then it would draw on the remaining revenue of each province for such balance as may be required, and leave the rest to pay the expenses of the civil administration of each province; what do you say to that idea?—The 18 or 20 millions that we get from the land revenue is the backbone of the revenue.

8624. But that those sources of revenue which I have mentioned might first of all go to meet Imperial expenditure?—With regard to the excise and salt duties, there is a great deal to be said for surrendering them for the purpose of carrying out this scheme, but not at present; let us first see whether it answers.

8625. Something has been said about the expenditure in Bombay and Madras. By law the supreme Government has the same powers of control over Bombay and Madras as it has over the North West Provinces, or the Punjaub, I believe?—Yes.

8626. Then is it the faculty which they have of direct correspondence with the Secretary of State that gives them this exaggerated sense of their independence?—It makes all the difference.

8627. Then you would take away that?—I do not wish to give an opinion about that; it is a little wide of my province.

8628. Mr. *R. Fowler.*] What is your view as regards the maintenance of the opium revenue?—I see no reason to doubt its permanency. There have been alarms from time to time of a failure of the opium revenue, and rumours of the plant being successfully cultivated in China. No doubt it is cultivated to a very large extent in China; but the particular samples which are grown in Bombay and Bengal still maintain a high price in the Chinese market through all the vicissitudes of demand and through all the alarms that have been created. Not a year passed while I was in India, and not a year has passed since, but I have heard that the opium revenue is going to fail, and that they have discovered the mode of growing as good opium in China as they grow in Bombay or Bengal; but all that turns out to be unfounded at present. Of course it is a precarious revenue; but at present I see no reason to apprehend so great a calamity as the failure of the opium revenue.

8629. You do not think that it is likely that, by improved cultivation in China, and the improved means of preparing the drug, the opium revenue might entirely cease in India?—Of course it is possible, but our means of knowing what is going on in China are exceedingly limited. The whole proceedings of that vast empire are so inscrutable that all our efforts to obtain any reliable information as to the growth of opium in China have substantially come to nothing, and we are just as wise as we were. After sending out commissioners and corresponding with merchants and obtaining information from every probable source, we could arrive at no conclusion whatever.

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8630. Then I understand you as saying that we are so destitute of information about what goes on in China, that any opinion that you or anyone else can form as to the permanence of the revenue, must be open to very great doubt?—No doubt that is the case.

8631. Mr. *Beach.*] With regard to the opium revenue, there would be nearly the same probability of India superseding the tea of China, as of China superseding the opium of India, would there not?—It would seem to be so.

8632. Bombay expenditure has been referred to; is not the price of everything at Bombay much dearer than everything at Madras or Calcutta?—Dearer than at Madras, but when I first went to India the prices in Bombay were inflated by the great and abounding prosperity which the province had enjoyed in consequence of the American War and the demand for cotton; but that time has gone by now.

8633. But is not the price of an article now, at the present time, if it is three rupees at Madras, and five at Calcutta, six rupees at Bombay?—I cannot say whether that proportion is correct, but I doubt very much whether prices have not subsided to their ordinary level, or nearly so.

8634. At all events, the increase of intercommunication in India would have a tendency to lower prices?—Yes; but not to the same extent as in European countries.

8635. Was the question of the redemption of the land revenue brought to your notice at all?—You mean, as I understand, by payment of capital sum; that question never assumed any important proportion in my time

8636. There is, however, I believe, a Despatch or instructions from the Secretary of State, which have never been countermanded, to the effect that the redemption of the land revenue may be proceeded with?—I am not aware that any material step has been taken in that direction.

8637. At all events, you would not consider it judicious?—I would not presume to say that anything is injudicious which has been sanctioned by the Secretary of State, but I would rather let things remain as they were.

8638. If any redemption of the land revenue did take place, would you not say that the purchase money should be carried to capital, and not included in the ordinary expenditure of the year?—Clearly.

8639. With regard to the expenditure on works in the different provinces it is necessary to keep up a large staff in each province to carry out these works; is it your belief that any increased expenditure occurs in consequence of this staff being employed, because there is a large staff which it is necessary to employ, to find work for; does the existence of this large staff, in fact, render the authorities of the province more anxious to spend money on public works, than they would be if this large staff did not exist?—No, I think not; I am not aware that that has any perceptible influence upon the views of the local Governments with regard to the expenditure of money in public works.

8640. Mr. *Dickinson.*] With reference to the land revenue, I should like to ask your opinion, if you have formed one, as to the propriety, or otherwise,

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otherwise, of levying cess on the zemindars where the permanent settlement exists?—Certainly not, for imperial purposes; I think it would be a breach of the compact; the only mode in which you can levy cesses on the zemindars is by local taxation, for local objects, and in that way, I think such rates would be legitimate; but it would be in my opinion a clear breach of the compact of Lord Cornwallis's settlement to levy a cess upon the zemindars, the landowners, for Imperial purposes.

8641. And do you think so, as regards a cess for education, for instance?—Any cess, unless it was imposed by the local government and went into the local treasury.

8642. If it is assessed by the local authority you think it is legal, but not if it is assessed by the Imperial authority?—Not for imperial purposes. You could not levy a cess upon a zemindar in Bengal to promote education in Bombay or the Punjaub.

8643. With reference to the question of local taxation, is the view that you are suggesting meant to be confined to financial administration, or does it apply to the general administration of the Government?—Every department of domestic administration is now in the hands of the local governments, with the exception of finance, and I wish to add finance.

8644. When we talk of local taxation in this country, we do not apply it to the power of taxing, but merely to levying taxation; when you speak of local taxation in India, you mean to imply the power of creating the taxes as well as the power of spending the money?—Yes; the power of taxation I would give to the local governments for local purposes, subject to the control of the Central Government or the Secretary of State, or both.

8645. Would you retain the same eight local administrations?—That is a question of policy; but I think the eight local administrations, so far as the administration of finance is concerned, might be retained. I do not know that anything could be substituted for them that would be more convenient.

8646. Take Scinde and Bombay, for instance, are they very closely related?—Scinde and Bombay are virtually governed under separate administrations now. The Chief Commissioner of Scinde governs that province under a nominal dependence upon the Government of Bombay, but really, I believe, it is virtually a separate administration.

8647. Would it not be desirable, before establishing a system of that kind, to reconsider the different provinces into which India is now separated?—I would take the provinces as they exist and make them the centres of administration, for the limited purposes of finance.

8648. But you would still retain Bombay and Scinde as one?—I do not know; that is a matter of detail upon which I should wish to speak with reserve.

8649. Do not you think that it is very important, with reference to the future progress of such a system, to start with a good division of the country into local administrations?—Yes; but I do not think that for so limited a purpose as the partial administration of the finance, it would be justifiable to readjust the provincial limits into which India is divided.

8650. If there were any system of this kind, would you retain one general service for the civil service of India?—Yes.

8651. And how would you arrange the payment of that service divided into provinces?—The higher branches of the civil service of India would be in the Imperial service; they would be the commissioners and deputy commissioners and judges.

8652. Those are the heads; I was taking the whole service through the whole grades of the service. Talking just now of the control that the Finance Minister has over the Budget, I understood you that there was a difficulty, because the local governments insisted upon a number of servants for this or that work; I should imagine that according to your scheme, if the officers they employed were in the Imperial service it must be managed under one head?—The inferior civil servants of each province would be paid out of the resources of the province, that is the resources under the decentralisation system.

8653. Who would regulate their number, and their pay?—They would be regulated by the government of the province, subject to the approval of the Secretary of State.

8654. But I presume that they would not be confined in their service to one government; it would be a gradation of service all over India?—The general character of the present civil service would be maintained, no doubt; there would be no difficulty in that; they would have to draw their servants from the general civil service of India; that is a huge staff which is educated in a particular way, and no person but members of that civil service would be eligible to any office which is now held by the covenanted service of India.

8655. Take the Civil Service Estimates that would comprise all that class of servants; ought they not to be under the control, in truth, of the one financial minister in India?—I think not. The financial member of Council, or rather the Government of India (for that is the mode of designating it), knows nothing at all about the subordinate officers of the local governments. The scale of pay of those officers would properly be adjusted by the Central Government; but the appointments of those officers, and their pay, would be made and provided by the head of the local government.

8656. To give an illustration of how the scheme which you seem to anticipate would eventually work, would it be in the form of something like the States of America, being separate under one general central authority, or would it be one government with deputed officers in different parts?—The whole civil administration of the local governments would remain entirely untouched by this system, except with regard to the payment of their salaries; they would be paid their salaries by the local government. I do not mean to say that at present that would be the case. In the future development of the system when it was completed by the light of experience, every person employed in the local administration would be paid out of the local funds.

8657. It is with regard to the future development of such a system that it strikes me that it is very important to start with some clear idea how that future development should be carried out; is it to be a future development of self-government in the province, or simply a system of local organisation entirely under the Central Government

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Government?—No, the whole; every portion of the domestic administration of each of the presidential governments, at all events, and almost to an equal extent of the lieutenant governments would be a matter of local administration entirely, the Central Government never interfering except when any misconduct is reported to them, or any demand made for money.

8658. You alluded to the injustice of taxing Burmah to make a road in Bombay; your system would only limit the locality within an eighth of India instead of the whole of India?—Yes.

8659. Is that your idea of the administration of local taxation?—When I used the term "local administration," I took the existing divisions of the administration of India.

8660. In what respects, for instance, would Scinde be fairly taxed for a tank in Poonah?—Scinde is a sort of sub-province of Bombay; and without giving any positive opinion as to the particular limits of financial administration throughout India other than the limits prescribed already by the Government, I should say that it would be proper for the Chief Commissioner of Scinde to be entrusted with the power of local administration just as the Governor of Bombay is.

8661. My idea of local taxation and local administration is one of localities as in this country; that Poonah might be taxed for Poonah works; that there should be the power of spending money contributed by the local revenues, but no power of local taxation; it is not in that sense that you used the term "local taxation"?—No, the system of local taxation which I propose, is commensurate with the territorial divisions of the existing administrations.

8662. In other words, it is making eight centres of Government instead of one?—There are eight centres of Government now.

8663. Eight centres of administration, I will say?—Well, you may call them centres of administration.

8664. You are proposing to give the power of taxation to the localities, as I understand you; at present we have only three centres of legislative power; there is no power of taxation except in those, is there?—Bombay, Madras, Bengal, and the Central Government are the present centres of legislative power.

Tuesday, 16th July 1872.

MEMBERS PRESENT:

Sir Thomas Bazley.
Mr. Birley.
Mr. Bourke.
Mr. Stephen Cave.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Lord Edmond Fitzmaurice.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Mr. John Benjamin Smith.
Sir David Wedderburn.

JOHN BENJAMIN SMITH, Esq., IN THE CHAIR.

The Right Honourable WILLIAM NATHANIAL MASSEY, re-called; and further Examined.

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8665. Mr. *Dickinson.*] WOULD your suggestion with reference to local finance involve a separation of the revenue into Imperial and local?—Yes, it would. Certain branches of revenue would be retained in the hands of the Imperial Government, and all branches of revenue which properly could be classed under the denomination of local would be relinquished, according to my view, exclusively to the local administration.

8666. Taking the present heads of revenue, which would you look upon as Imperial in contradistinction from local; take land revenue, which would that be?—That would be Imperial.

8667. Assessed taxes?—Assessed taxes would be Imperial, that is assessed taxes with the exception of those that were levied by the local administration.

8668. Take the Abkari?—That I would retain for the present as a portion of the Imperial revenue with a view, when the system of local financial administration was matured, of relinquishing it wholly or in part to the local governments.

8669. Is there any other item of the assessed taxes which you think ought to be Imperial?—If you have any assessed taxes at all, but I should be disposed to avoid any assessed taxes on the part of the Imperial Government.

8670. Customs?—Customs I would retain as part of the Imperial revenue.

8671. Salt?—Salt I would retain as part of the Imperial revenue.

8672. Opium?—Opium, certainly, I would retain as Imperial revenue.

8673. Stamps?—Stamps I would perhaps relinquish to the local governments. The development of the scheme would involve the separation of certain branches of revenue now collected for Imperial purposes from the Government of India.

8674. The Mint?—The Mint is Imperial of necessity.

8675. The Post Office?—The Post Office would be Imperial, I think.

8676. The telegraph the same?—That also would be Imperial; that is more a charge at present.

8677. Law and justice?—Law and justice would be Imperial; it must remain so, I think.

8678. Police?—That is essentially local.

8679. Marine?—Marine is Imperial.

8680. Education?—Education is local.

8681. Public works?—Public works are local.

8682. Now, will you take the items of expenditure, without going through the cost of collection, of course?—The items of expenditure would follow the items of receipts.

8683. "Administration;" I think it is chiefly the administration of all the Government departments, and so on?—Administration of public departments would be partly Imperial and partly local. "Salaries of the Governor General and Members of Council" is of course Imperial. "The Governor General's Household," the Secretariat, the Public Offices, the Paper Currency Department, the allowances to the Presidency Banks, and the four charges of the Governor General, are charges connected with the Government of India as a Government.

8684. When you come to local governments, Oude is the first given at page 36 of the Accounts before us?—The Chief Commissioner, the Financial Commissioner, and the Commissioners are Imperial charges. The term "administration" comprises only the more important offices of the administration.

8685. It involves a very important question in your scheme, whether the administration of the local governments should be an Imperial or local charge?—The salaries of the Chief Commissioner, of the Financial Commissioner, and of the commissioners of districts would be an Imperial charge, I should suppose.

8686. You would make the form of the local government dependent entirely upon the Imperial; therefore the administration would be, according to your view, all Imperial?—The staff of the local governments would be an Imperial charge.

8687. Law and justice would again be Imperial?—Yes.

8688. Police would be local?—Yes.

8689. Marine would be Imperial?—Yes.

8690. Education

8690. Education would be local?—Yes.

8691. Ecclesiastical?—That would be Imperial.

8692. Medical?—That would be local.

8693. Stationery and printing would be local?—Yes.

8694. Political agencies?—Those would be Imperial.

8695. Superannuation and retired allowances would be Imperial?—Yes; and the army exclusively Imperial.

8696. Public Works would be local?—Yes.

8697. Interest would be Imperial?—Yes.

8698. Now, taking the class of public works which you say you would make local, would you have no distinction in works whether they were of a local or of an Imperial character?—Public works might comprise a great trunk line of railway through the district; that would be a homogeneous work which would originate with the Imperial Government, and the interest on the money borrowed for its construction would be an Imperial charge.

8699. Then your public works would involve the further division of Imperial and local works?—Yes, necessarily. Barracks, for instance, would be a military charge; that would be comprised in the military vote, and would be a public work connected with the great service, and therefore would be exclusively an Imperial charge.

8700. Now with regard to roads or railways, the feeding lines, the smaller lines of communication, would be local?—They would be local.

8701. Would not that system, carried out in that form, involve a double superintendence, an Imperial officer looking after the main lines, and a local officer after the local lines?—There must necessarily be a considerable staff employed in proportion to the length of the line which is under construction; and whether one portion of that staff is employed under the orders of the local government, or under the orders of the Imperial Government, does not appear to me to be very material as regards charge.

8702. Take another class of charge, port improvements; take for instance, the improvement of the port of Bombay; do you look upon that as a local or an Imperial charge?—Well, that is a question of some difficulty. The great ports, whether commercial or whether military, or whether partaking of both, undoubtedly are to a great extent a matter of Imperial concern. But take for example the proposal that was made while I was a member of the Government of India for extensive works at Kurrachee involving a very large expenditure indeed; those works were partly a matter of Imperial concern, and I consider that an exceptional treatment should be applied to those classes of works, and that they should be undertaken partly at Imperial charge and partly at local charge, that is to say, that if a portion of the advantage to be derived from those works clearly redounded to the benefit of the locality, in so much should the locality be charged to contribute to the expense; but I should be exceedingly loth to impose upon the local government any charge in respect of works which originated with the Imperial Government. I can conceive that any such imposition placed by the Imperial Government upon the local governments might derange the whole system of local finance. At the same time I foresee a very great difficulty in laying down a positive rule upon the subject to be adhered to under all circumstances, and I think that if a port partly Imperial and partly commercial was opened in any part of India, it would be a subject for consideration whether a portion of that charge should not be borne by the local government, but I would not permit the Government of India absolutely to impose such a charge upon the local government without its consent.

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8703. Take the case of docks in Bombay?—Docks in Bombay would be for the benefit of commercial shipping.

8704. But you have taken the customs into the Imperial revenue; would not then the charge for docks be fairly a charge upon the customs?—I do not know that it would. If docks were required for commercial purposes, they might be so constructed as to be self-supporting. If so great a work as a dock in so great a port as Bombay was to be constructed, it would always be a subject for consideration whether a contribution should not be made from Imperial funds to such a work, because the plan of local finance which I have wished to see established does not at all exclude the occasional assistance of the Imperial Government to particular works and to particular charges.

8705. I can quite understand why the fixing of customs should be an Imperial right, but I do not quite see why the revenue derived from customs being essentially local in its receipt should belong to the Imperial revenue?—It is very possible that the appropriation of the customs duties by the Imperial Government may be open to the observation of the Honourable Member; but what was in my mind when I recommended that the customs duty should be maintained was that care should be taken that the Imperial Government was placed in ample funds.

8706. Would it not lead probably to discontent if any one of the eight centres of Government could say, "The revenue which belongs to us was taken from us to benefit others who are poorer"?—Well, they may say that now with a great deal of reason.

8707. I would rather not discuss the present state of things. I would rather confine our attention to the scheme that you are suggesting?—Assuming that a well established system of local finance was established, I understand that I am asked whether the appropriation of any funds derived in any degree from other administrations, and applied to the benefit of a separate administration, would not be a cause of grievance. Well, I think that would be refining, to a degree that would be impracticable; for instance, if a dock was opened, the object of which was to facilitate the commerce of the whole continent of India, many administrations might be enabled to send their produce to a port of discharge if there were facilities provided by docks, although they might be at a very great distance from those administrations.

8708. Would there not be legitimate cause of complaint as between Bombay and Scinde, we will say, in this respect, that the revenues of Bombay would be ample for its wants, and leave a surplus for local improvements, whereas the revenues of Scinde would not be sufficient for its local wants, and the surplus of Bombay would be applied to make up the deficit of Scinde; the Bombay people might fairly complain, might they not say, "Instead of having our improvements out of the money which fairly belongs to us, you have

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put us in partnership with a losing partner, and taken away from us the benefits of our own fund"?—That is assuming that Scinde forms a portion of the Government of Bombay as it does at present. I think I was asked when I was here the last time whether I would continue that connection between Bombay and Scinde; I was not prepared to give a definite answer to that question, but it seems that Scinde occupies rather an anomalous position; it is a sort of sub-lieutenancy under the Government of Bombay, and might, in any scheme of financial administration, perhaps be separated from it, so as to get rid of that question altogether.

8709. I would put the question in another form; whether Bombay and such of the eight provinces as had a surplus local revenue which would be applicable to their own improvement, might be required to make up for the deficiencies of those governments which had not local revenues to meet their local wants?—I said that I would take the existing administrations as a convenient basis for the application of this system of local finance; but as regards the separation of Scinde for the purposes of finances or for the purposes of administration generally, I do not know that there would be any serious objection to that; it is a question on which I do not desire to express a confident opinion, but the relations of Scinde and Bombay are peculiar; they rather differ from the relations of any other two administrations, and the province of Scinde is under a separate commissionership, and is virtually, I believe, ruled under a separate administration, although it is a sub-administration to Bombay.

8710. Your scheme in no sense tends to develope a system of local government, as we understand it, that is to say, of government in the locality?—No, I do not aim at that at all; I simply add the administration of finances, the management of all accounts, and the dispensation of funds to the local government, in addition to the other duties with which it is charged.

8711. I should like to ask you whether it would not be better to carry the principle of local government further, and leave to the locality, as we understand it in this country, or I may call it the municipality, to raise local taxes for local purposes?—The great municipalities of India, of course within their boundaries, do at present exercise large powers of taxation. For instance, take the municipalities of Bombay, Calcutta, and Madras; for municipal purposes they raise money and have taxes, *octrois*, license taxes, and so on.

8712. Would it not be desirable to extend that much further into the Mofussil?—There is no organisation in the Mofussil, independent of the governments, that would be capable of assuming those duties with safety.

8713. Would not the class of village officers be available for such purposes?—I doubt whether they could be trusted with such responsibility. It is a very serious responsibility that of spending money, and I should like to know in whose hands it was placed before I gave the power.

8714. Then all the details with regard to law and justice would you leave to the Imperial, or to the local government, such things, for instance, as the number and character of the courts?—Of the small courts, yes.

8715. All the courts?—Not of the High Courts. The High Court, for instance, of the Punjaub would be exclusively a matter of Imperial concern.

8716. You know that at present the system of the High Courts in the three Presidencies is different from what it is in the other provinces?—Yes, I am aware of that.

8717. You would leave that arrangement still to Imperial decision?—Yes, anything connected with the supreme administration of justice; the highest courts in India should always be under the control of Imperial Government.

8718. Financially, do you consider that the system that you have suggested would be economical in the administration, in so far as the salaries, and the number of persons to be employed, are concerned?—Yes, I think that the tendency of that system would be to encourage economy in the public service; that there would be a motive and inducement to the local government to save its funds, and not to employ more people than were absolutely necessary. There is no such inducement now.

8719. But would there not then be a system of Imperial officers working over the same line traversed by local officers?—I do not think that collision would be unavoidable. The duties of each, under a properly regulated system, would be clearly defined, and there would be no collision between the two.

8720. Take the great services connected with the collection of the land revenue as being part of the Imperial revenue; would that be managed directly from Calcutta, or still locally through the local administration?—The Imperial Government at Calcutta must have control over all officers engaged in the collection of the land revenue, but that could be organised under the superintendence of officers of different gradations.

8721. Would the correspondence, for instance, or the control as between the Imperial Government and the Collectors of the land revenue, be immediate, or through the local governments?—I do not think that it would be at all necessary for the purposes of this system to exclude the local governments from all concern in the collection of the land revenue. The local governments have common interest with the Imperial Government in maintaining the revenues of India, and, therefore, I should see no objection to entrusting the local governments with the collection, wholly or partially, of the land revenue, as at present; but, without giving a positive opinion upon the subject, I should rather prefer that every officer who is connected with the collection of any branch of the Imperial revenue should be immediately responsible to the Imperial Government.

8722. The same as regards customs?—Yes, the customs house at the different ports should consist of officers appointed by the Imperial Government.

8723. Would not that involve a possible collision between the officers of conflicting governments acting within local limits?—I think not; I do not see why it should.

8724. Do you see any advantage financially, or do you see no objection to it, in placing the various items of revenue under one authority, supposing that they are Imperial?—No, I see no objection to that. The customs duties, for instance, being exclusively the property of the Imperial Government, would be collected at the different ports by officers who are servants of the Imperial Government, and have nothing to do with the local government.

8725. Not

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8725. Not at present?—No, not at present; but, under this system, the inclination of my opinion is favourable to retaining the service for the collection of the Imperial revenue under Imperial control; but I do not say that it is absolutely necessary.

8726. And, carrying out the same principle, I think I have rightly understood you to say, that you would recommend that the army should be under one control?—Yes.

8727. And the navy, so far as the service exists?—Yes, so far as there is a navy.

8728. And the same principle applies, I presume, to the whole judicial system?—Yes, to the higher judicial offices. I have limited my answer to the question as regards the administration of justice to the higher judicial offices. The lower offices of justice analogous to the county courts in this country, would be under the control of the local governments.

8729. Then that would involve the patronage, the right of appointment to all the offices connected with the Imperial revenue?—Yes, all the offices which are paid out of the Imperial funds.

8730 That is to say, that the customs officers for Bombay would be appointed at Calcutta?—Yes, if it was decided that the customs should be collected as Imperial customs.

8731. Such a system would seem to involve the assimilating of the provincial governments, or seem to suggest their assimilation to a simpler form, would it not?—Yes, I see no harm in that.

8732. What I allude to especially, is the abolition of the Councils of Bombay, Madras, and Bengal?—The Executive Councils of Bombay, Madras, and Bengal, you mean. I do not know that it would involve the necessity for abolishing them. The Executive Councils, although called executive, have no executive powers whatever that I am aware of; the whole of the executive powers are in the hands of the Governor General and the governors of the two provinces.

8733. I ask whether the system does not suggest the necessity of their abolition?—No, I do not see that it would suggest any such necessity.

8734. Or expediency?—Nor expediency.

8735. The police you would propose to make a branch of local administration?—Yes.

8736. Does not that involve a conflict of jurisdiction?—No, I think not. It seems to me that where anything like a local government is constituted, one of its first duties is to organise a system of police, and that the organisation and management of the police is exclusively a matter of local concern.

8737. But that involves this, does it not, that the policemen of one province have no authority in the adjoining province?—As much authority as the policemen of Bedfordshire has in Cambridgeshire.

8738. Exactly, but that is none?—That is none; but we have a system in this country of backing warrants. I am not sufficiently conversant with the mode in which justice is administered in India to give any opinion as to whether that would constitute a difficulty or not; it does not strike me as such.

8739. You are aware that India is in advance of England in regard to the code of penal justice?—I think it is.

8740. In your opinion, would the powers and the responsibilities of the local governments be increased or diminished by this proposed change?—They would be increased upon the whole most materially, I think.

8741. They would be relieved from the most important items, from all connection with the land revenue, all connected with the customs, and all connected with the courts of law?—They might or might not. I do not give a final opinion as to whether it is desirable that the collection of these great sources of revenue should be exclusively transacted by Imperial officers, or whether they should be left, as at present, to the local administration, but the inclination of my opinion is to take them away from the local governments.

8742. You would largely add to the powers and to the work of the Central Government, then, would you not?—I think that the extent to which the Central Government would be relieved by the establishment of a well-defined system of local finance would be an ample compensation for any additional trouble that might be thrown upon it.

8743. But the merit of your plan seems to me to be that you relieve the local governments of a large amount of work that they do now, and can fairly put it upon the central Government, by relieving the central Government of an amount of supervision which is not of much use; and therefore it seems to me that your system involves a simpler form of local government than the present system?—Yes, it does; because in the first place it saves an enormous amount of fruitless correspondence, and not only fruitless, but most unsatisfactory, from the unfriendly relations which it engenders between the Imperial Government and the local administrations

8744. That is a saving to both?—Yes, a most important saving.

8745. Then the balance remains of saving to the local governments, but which is added to the Imperial Government?—Yes.

8746. Then it comes back to what I say, that the local governments are relieved by this plan, although they have more power?—They are relieved of a great amount of troublesome reference to the Imperial Government; having funds at their own disposal they need not ask the Government whether they approve of this or that being done; they can do it themselves, but I do not see why any additional trouble is thrown upon the Imperial Government by that state of things.

8747. But the Imperial Government would have the trouble connected with those branches of revenue which are now transacted by the local governments?—Yes, if it was determined, as I am rather disposed to think is desirable, that the Imperial Government should take these matters into their own hands.

8748. Then it comes back to this, that under that state of things the Imperial Government would have more work than it has now, but would be relieved of that work which comes to it through the local governments, and the local governments would have less work, because they have all the work now of initiation, and the work of initiation would become a work of decision on the part of the Central Government?—I think that that arrangement would result in great advantages to both governments.

8749. Would not the result of it be a simpli-

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fication in the local governments; you would not require then the paraphernalia of power which they now have?—No doubt it would immensely simplify the administration of the local governments. Almost every branch of the Government involves expenditure, and they cannot move now without reference to the Imperial Government; the whole wheels of the local governments are clogged by the financial control which is maintained by the Imperial Government over the expenditure.

8750. Then, to come back to a point which I put to you before, do you see any reason why the same form of local government applicable to the Punjab or the Central Provinces should not be equally applicable to the older and quieter districts of Bombay and Madras?—I see no reason why it should not. If the Honourable Member is pointing to the executive councils again, I can only say that I do not see that they are essential to the administration of the great Governments of Bombay and Madras.

8751. As a branch of financial administration, have you at all thought of the arrangement of the higher judicial Courts of Appeal?—No, I have not addressed myself to that question in such a way as to render any answer that I might give of any value to the Committee. That is the function of the law member of the council; it is exclusively his duty to advise upon those matters, and he, as is well known, is generally a gentleman of the highest attainments.

8752. But on a question of re-organising law courts, I for one should prefer the opinion of a civilian to that of a lawyer; if you have not formed an opinion perhaps I ought not to ask you the question, but it is with regard to the existing difference of our superior courts in the three Presidencies, and in the other parts of India, that I ask the question?—I have not considered that question.

8753. Do you think generally that a reconsideration of the system might lead to economy?—I think it is highly probable that it would.

8754. I should like to ask you one or two questions connected with the transit duties; do you consider that European manufactures, going into India through whatever port paying customs' duties, ought to pass to their destination without any further payment?—Yes; that is so with regard to all the administrations under the Government of India; but the difficulty we have had to encounter is when the goods pass through native territories.

8755. Is it the case that goods are taxed on entrance into native territories within our circle?—Yes, it is so. The Government of India has made various efforts to get rid of that power of taxation which is exercised by the native princes, we get a great many fair words and a great many promises which are not performed, and the question when I left India was in a very unsatisfactory state.

8756. Could you state the principle on which you think that question ought to be solved as between ourselves and the independent princes?—Yes; I think it is an act of power on the part of the British Government to insist upon the independent princes or the protected states allowing all goods shipped at one of our ports to pass free through their dominions. They derive considerable revenues from inland duties, and it would be simply an act of power arbitrarily to deprive them of these sources of revenue, which although according to our more enlightened system of trade, are injurious, are nevertheless in their eyes, and were in our eyes until a very recent period, considered legitimate sources of revenue; and I see no mode of arranging the question but equitable treaties with these governments, by which certain compensations shall be allowed them in consideration of their allowing goods shipped at British ports to pass free through their territories.

8757. Would those compensations be arranged on the footing of the revenue heretofore derived at those ports?—To some extent they should be based on the revenue derived by the native governments. I do not mean to say that that should be taken as conclusive. It is very difficult to find out what amount of these duties really finds its way to the treasuries of these native governments; a probable proportion of the collections sticks to the hands of those who collect them.

8758. *Chairman.*] When the native states make a charge upon the goods passing from our states, do we retaliate by making a charge upon their goods coming to us?—No.

8759. Mr. *Cave.*] It was owing to a fault in the original treaties, was it not, especially in the case of Cashmere?—Yes, we have had a great deal of trouble with the Maharajah of Cashmere.

8760. Mr. *Dickinson.*] Is not the correct equitable arrangement rather to be found in this, that the whole of India should form a Zollverein, and that the customs should be divided?—I do not know whether that would work so well. All these native princes of the protected states are extremely jealous of each other, and it would be a matter of extreme difficulty to get a treaty which would bind them to us and with each other.

8761. The difficulty would be one which would have to be overcome; I presume the question is what is the proper system for India as a whole?—If you could accomplish it, the system which you suggest would be by far the most scientific and the most satisfactory.

8762. Take a branch of that, the revenue from Malwa opium; we take the whole of that revenue, and yet the opium is all grown in Malwa; how do you reconcile that with equitable arrangements between native states and ourselves?—We take that as a pass duty at the port of discharge.

8763. Malwa cannot export opium except by passing through our territory; we take the opportunity of saying that it shall not go except by paying us 300 or 400 rupees a chest; is that at all distinguishable from the system which you condemn of Malwa charging British manufactures entering Malwa; is it not exactly the reverse of the same proposition?—We have imposed this monopoly by an act of power; there is no doubt that that is what it comes to; it is very difficult to defend it.

8764. But if we are to ask the native states to be equitable to us as regards duties on their frontier on English goods paying customs' duties, is not the first step to be equitable, and let them have their share of custom duties on goods coming to us?—There is a great deal to be said for that, no doubt.

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8765. That brings me to another point of political importance; is it not desirable to inaugurate a system under which the native states should consult with ourselves on questions of universal importance, such as transit duties?—No doubt it would be most desirable.

8766. Has any attempt ever been made at any such united action?—No, I think not; the only action that has been taken, so far as I am aware, is by detached treaties and correspondence, and negotiations with detached states.

8767. Treating each state by itself, you mean?—Treating each state by itself, and not in connection with any other.

8768. To carry that a little further, is not a system of police, applicable to all India, most desirable?—A general system of police throughout India.

8769. Throughout India, European and native?—No doubt it would be very desirable; but I do not see how a general system of police could be accomplished without an undue interference with the independence, if you can use such a word, of the native governments.

8770. But that undue interference would not exist if the native governments themselves cooperated with us?—If the native governments could be induced to co-operate with us in a system of police, it would, of course, be an enormous stride towards a civilised government, which is only partially effected in India, owing to the distinction between our own governments and the governments of the protected states.

8771. Would not the first step towards that be calling together a diet of the native states and ourselves?—It might be an experiment worth trying, because the tendency of such an arrangement would be to be productive of enormous advantage, no doubt, even if it were only partially successful.

8772. The present system is one of isolating the states from each other?—It is treating them on the assumption that they are semi-barbarous powers, and taking care that they do not commit any outrage on humanity, or that they do not interfere with our power; that is about the extent of the interest that we take in the protected states.

8773. This point is of great importance on the general question of intercommunication throughout the country, is it not?—Certainly, you cannot exaggerate the importance of it. And it would be mixed up, too, with that other question of transit duties which you referred to.

8774. And also with the military organisation of the whole country?—Yes. We interfere now, you know, not exacty in the military organisation, but in the military force of the protected states,

8775. As regards your system of local government, it is to some extent founded upon the idea of such a system dovetailing in with the cooperation of the native states; something in the form of Germany?—Yes.

8776. In that form the local governments would be to a certain extent like independent states?—Yes.

8777. Is that a constitution of India that you would think it desirable to work towards?—I certainly do not desire to see anything like an absolute division of our empire in India into independent states. I would not extend with the exception of the financial administration, the action of independence further than it exists at present. To all intents and purposes the existing demarcations of administration are independent governments, but they have a common interest with the Imperial Government; they are under English rulers, and they are animated with all those feelings which guide English administrators in a conquered country.

8778. Do you think that Ceylon should form part of India?—No, I see no reason why it should. We have territory enough, I think, under the Government of India. Ceylon is entirely detached from the continent of India, and its interests and the habits of its people are not such as to render it a desirable matter for the purposes of uniformity to include it in the Indian dominion.

8779. As an economical administration of government, would it be desirable?—No, I think not. Ceylon is a rich country; it is quite rich enough, its resources are ample, to enable it to form an independent administration and to support an independent government. The tendency, in fact, of opinion in this country has been of late years, as you are aware, to diminish the territories of India. For instance, the Straits Settlements have been taken away from us; and instead of getting Mysore, as we fully expected in India we should, it pleased Government to say that Mysore should be restored to native rule, I should have thought it extremely desirable that Mysore should have formed part of the English system.

8780. With reference to the naval demands of India, have you at all considered whether a charge can fairly be made upon India for what is called naval protection?—No, I think not. I think that the protection of the shores of India forms a part of the great naval policy of this country. It is a great question for this country to consider whether they will not extend the protection of the seas to the whole of the dominions of the British Empire at the charge of the British Empire.

8781. Supposing India were a friendly, independent country, would England be able to keep up its commercial and other relations with India at a less expenditure of naval power than it does now?—I should say clearly not. The naval expenditure of England in India is very small indeed.

8782. That is another reason why England ought not to charge India with the maintenance of her naval power there?—I think so. The possession of India by a foreign power would be an enormous blow to the prestige of England, and would seriously disturb the balance of power in Europe, and I know no Imperial question of greater magnitude which this country has to entertain than that of maintaining intact its dominions in India; it is a great English question more than an Indian one.

8783. We might as well ask the Emperor of China to pay the naval charge for our maintenance of our interests on the China seas?—Yes, I think so.

8784. Do you consider the charge made upon India, for our embassy to Persia, of 12,000 *l.* a year, a fair one?—That also is an Imperial question.

8785. I suppose you think that if Indian interests

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terests are concerned, India ought to appoint as well as pay?—I think so.

8786. Sir *D. Wedderburn.*] With regard to those transit duties of which we were speaking, is it not the case that there is a transit duty on sugar passing from upper India into Rajpootana; I mean that we impose one?—We impose no transit duties whatever, that I am aware of.

8787. As regards the salt line that passes along from the north west to the south east, would it not be a very great advantage if that could be done away with?—There were various proposals when I was in India, for altering the salt line; and if I had known that I was to be examined on that point, I should have looked up my papers, which were prepared at the time with some care with regard to that question. The result of our inquiries is, that the salt line could be readjusted upon a much more convenient and economical basis than it is at present.

8788. Do not you think it would be very desirable to dispense with it altogether?—Well, it is attended with enormous cost, as you are aware, and I think it is extremely doubtful whether the advantages which we derive from it are a sufficient compensation for the cost which it involves.

8789. Is there not reason to suppose that our taxation of salt has pretty well reached the limit or even past the limit at which it is thoroughly remunerative?—I think it has certainly attained, both in Madras and in Bengal, and in the upper provinces, the limit where it can be remunerative, and where it is just; I am exceedingly opposed to any increase of the salt duties; I think it a most oppressive tax upon a class of people who have no means of defending themselves; and who contribute quite as much in proportion to the revenues of India as any other class, or even more.

8790. It is the case, I believe, that for an increase of something like 20 per cent. of taxation, only something like 2½ per cent. of profit has been realised lately?—Yes; you find in most countries that when you have increased taxation, the results are not in proportion to the increase; and that is most eminently the case in India; the more stringent your taxation, the less productive does it become.

8791. And that applies especially to salt, does it not?—I think especially, I think as a matter of policy, it is not expedient to increase the salt duties; and certainly, not as a matter of justice and humanity.

8792. Do you think that our recent fiscal policy has shown a tendency to abandon the most profitable source of revenue, namely, that on the land, and to increase greatly the number and the amount of novel and vexatious taxes?—I think that our land revenue ought to be considered the great mainstay of our finance, and I should be exceedingly opposed to tampering with that great source of revenue; I am very much opposed to ingenious devices for imposing fresh burdens upon the people of India. It is extremely difficult to invent any which would be productive, or any which would be otherwise than repugnant to the habits and feelings of the people, and I believe that such devices are wholly uncalled for; that our existing revenues are ample for all purposes of Government.

8793. Has not the low assessment of districts that have lately been resettled, tended to reduce the only source of revenue which is paid by the people of India without any sense of grievance?—The reassessment of the land revenue has been conducted, I believe, with very great care and by experienced officers under the vigilant superintendence not only of the Government of India, but also of the Secretary of State, who has on various occasions issued despatches prescribing the mode in which the operations are to be conducted. There are various opinions in India as to the rate of assessment which has been adopted. Some consider, as the Honourable Member, I understand, does, that the rates have been too low. On the other hand, it has been thought desirable to lighten this burden as much as possible; for my part, looking at these rates generally, I should say that they are lenient.

8794. Will not the effect of our lowering now the assessment, be not merely to reduce our present income, but greatly to compromise our future income, because these assessments are easily lowered, and almost impossible to raise again?—The assessments are mostly for limited periods, and the principle upon which they are adjusted is, that they shall from time to time be subject to revision. But undoubtedly, if the assessments are pitched too low, there would be very considerable difficulty, the same difficulty which attends every operation of the taxation of India, at a future period, when the leases expired, of increasing the charge; I do not mean to say that it might not be done; but I should be disposed, if I erred at all, to err on the side of exacting a good rent in the first instance.

8795. These low rents probably in India, as elsewhere, have a tendency to produce careless farming and extravagance among the cultivators, such extravagance, that is to say, as they are capable of?—It may be so; I cannot speak from knowledge upon that point.

8796. I find, in a report upon the revenue settlement that took place in 1869 in the Surat Collectorate, it is stated that villages in Guzerat are now paying an average rate of 26 rupees the acre, while it is recorded in their memoirs or records that they paid a rate equivalent to 160 rupees the acre in 1823, at a time when the price of produce was only about half what it is now?—In that same report it states that adjoining villages belonging to the Guicowar are still paying the old assessment of 160 rupees an acre without the ryots showing any desire to abandon their cultivation, or to emigrate into British territory. I am quoting from the revenue settlement of the Soopah villages of the Surat Collectorate. What should you consider to be the rent or the surplus produce of garden land in the fertile districts of British India?—I should be sorry to commit myself to an opinion upon that point.

8797. It is very considerable, is it not?—Yes, very considerable, no doubt, in the case of irrigated land.

8798. You think, then, that in a re-settlement, which, of course, takes place from time to time in every part of India, except Bengal, and which will take place, I believe, in Bombay very soon, this should be distinctly kept in view, that we must not lower more than we can help, or, if possible, not lower at all; but rather increase the land assessment, seeing that if we lower it, we must make up the deficit by more vexatious and strange methods

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methods of taxation?—Yes, I think that the time and legitimate source, and the main source of Indian finance is the land revenue, and that the Governments cannot be too careful in their periodical revisions of the value of those lands not to estimate them too low.

8799. Because, in fact, by these low re-settlements, we are committing on a smaller scale the great error, as most people now conceive it to be, of our permanent settlement in Bengal?—Yes, and I am sorry to say that you have no inducement in lessening the burdens of the zemindars, such as you would have in a European country, of making them spend the sums which you remit to them for the benefit of their locality. I am afraid that very little good is done by that means.

8800. There is no outlay on improvements on their part, you mean?—They will pay no more than they are compelled to pay.

8801. Sir *T. Bazley.*] Supposing that two principal sources of revenue were established for India, one for Imperial, and the other for local purposes, what would be the relative amount of each, do you suppose?—The whole of our revenues now in round numbers are about 50,000,000 *l.*, and I think for Imperial purposes I should not like to say that the Imperial Government would retain less than 30,000,000 *l.*

8802. Leaving 20,000,000 *l.* for appropriation by the local governments?—Yes, that would be when the whole principle of local financial government was fully developed.

8803. Would not municipal government be required for the administration of so large a sum?—No, the municipal governments would have nothing to do with it; it would be entirely administered by the governments who are responsible to the Government of India and to the Secretary of State. The municipal governments have their own separate systems of taxation entirely independent of the Imperial system.

8804. Do I rightly understand that you are favourable to one system of collection of the revenue, one portion of which would be handed to the Imperial Government, and the other to the local governments?—Yes, I am extremely anxious to guard against the possibility in the operation of this system of the Imperial Government losing any portion of its revenue, and therefore, it is that I am disposed, under a system of this sort, at least in the first instance, to retain the collection of the Imperial revenue in the hands of the Imperial Government.

8805. Are you aware that in this country it is contemplated to have one system of collection for Imperial and local purposes?—I have heard so.

8806. And that possibly the economy to the public will be very considerable indeed?—Yes; but it is very unsafe to argue from English precedents to Indian usage.

8807. Of course, the same principle of economy will apply to India as here?—Not necessarily.

8808. But it is desirable at all events?—It is desirable perhaps.

8809. Mr. *Bourke.*] Have you seen the Resolution of the Government of India of the 14th of December 1870, with reference to local taxation?—Assigning 350,000 *l.* you mean.

8810. Yes; it was the resolution of the Government of India introducing to the local governments the system of local finance which they propose to carry out?—No, I have not read the detailed resolution; I was only aware of the result.

8811. £5,000,000, I think it is altogether, that they propose to allocate to the different local governments. You will see that there are there eight heads mentioned?—Yes. I think it is very prudent to go by steps in this matter. My impression is that the Government of India in inaugurating this system with care, have shown very great caution and wisdom.

8812. You think that it will be prudent to go by steps?—I think so; I am a very strong advocate for it, but at the same time I would go by very cautious steps. This resolution seems to me, on glancing at it now, to be a very able expansion of all the best reasons that can be urged in favour of the system.

8813. The second paragraph says, "Under the present system these governments (that is the local governments) have little liberty and but few motives for economy in their expenditure." Do you agree with that?—Yes, clearly.

8814. "It lies with the Government of India to control the growth of charges to meet which it has to raise the revenue. The local governments are deeply interested in the welfare of the people confided to their care, and, not knowing the requirements of other parts of the country, or of the empire as a whole, they are liable, in their anxiety for administrative progress, to allow too little weight to fiscal considerations." Do you think that that is the case?—I have said the same thing myself many times, not so well as it is said there.

8815. "Thus it happens that the supreme and local governments regard from different points of view measures involving expenditure; and the division of responsibility being ill defined, there occur conflicts of opinion injurious to the public service"?—That is an exact statement of the fact.

8816. "In order to avoid these conflicts it is expedient that, as far as possible, the obligation to find the funds necessary for administrative improvements should rest upon the authority whose immediate duty it is to devise such measures;" you agree with all that?—Quite.

8817. There have been one or two questions asked with regard to this system of local finance by different Members of the Committee, which go to show rather that when the local governments have received these different allocations of money they may go and spend these sums of money upon the different purposes to which they are applicable; and that then they may also go and tax the people further for local purposes without the Government of India having power to control them in that respect; now, do you think that there is any danger from this new system of local taxation of the local governments exercising those powers to a greater extent than they have done hitherto?—I think not; I think that when the local government is armed with the power of local taxation it will be very cautiously exercised, because the local government feels in common with the Imperial Government how dangerous and difficult a task it is to impose new charges upon the people of India.

8818. Is not this the case, that the same powers

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powers of control will remain to the Imperial Government to prevent the local governments from taxing the people to a greater extent for local purposes than they do now as at present exists?—Certainly; no act of the local government for the purpose of imposing taxation could be valid until it was submitted for the approval of the Imperial Government.

8819. The system at present is, is it not, for the local governments to send up their different budgets to the Supreme Government before the Acts are passed by the local legislatures, to give those budgets effect?—That is so.

8820. So that it will always be in the power of the Supreme Government to check any undue expenditure of money on the part of the local governments if the Supreme Government think that they are exceeding their due bounds?—Yes, that safeguard would unquestionably exist.

8821. Have you heard at all since this new system of local finance has been introduced, whether the local governments have had any practical experience of economy being practised by the different officers who have had the expenditure of money in their departments?—No, I have not heard any particulars of that kind; but I notice in the last Budget a statement of the financial member of Council, that already some of the local governments have administered their new powers with so much frugality that they have begun to accumulate a reserve fund.

8822. And you think that is a practical test of the results of the policy, of the new system of local finance?—I noticed that with very great satisfaction. I think it a most promising circumstance, and it struck me more especially because it seemed to me that the financial member of Council did not speak with very great warmth as to this policy.

8823. Do you think then if this attempt at local finance is successful it would be advisable to proceed further in the same direction, and to give to the local governments the power of control over the taxation as well as over the expenditure?—Yes; I think that the system is capable of very considerable expansion and that it should be developed gradually by the light of experience.

8824. Now generally do you look forward to a reform in Indian finance by means more of a reduction of expenditure than by a new system of taxation?—Yes. I am not at all hopeful of new systems of taxation, nor am I disposed to encourage them. The resources of India have now attained a very great amount; they were not one-third of their present amount 30 years ago, and at that time the expenditure of India was 2,000,000 *l.* in excess of its revenue; so that if the same proportions were maintained now we should have an annual deficit of 8,000,000 *l.* I am exceedingly opposed to any attempt to increase the resources of India by taxation; I am most favourable to every attempt to retrench expenditure.

8825. Do you think that in order to produce economy in every department it requires the most vigilant care on behalf of the people connected with the Supreme Government?—I am perfectly satisfied that it is a hopeless task for the Supreme Goverement to attempt to introduce economy into the details of Indian expenditure.

8826. To whom then would you look for accomplishing economy in details of expenditure?—I would look to the local governments.

8827. Mr. *Lyttelton.*] Would you make the permanently settled districts liable to be locally taxed to the same extent as those under a temporary settlement?—Yes; the fact of the permanent settlement being in operation would not make any difference in my mind to the application of the system.

8828. For instance, supposing in the case of Bengal the authorities thought fit to raise money for all their local requirements by means of a land tax, that would be equivalent, would it not, very nearly to a doubling of the existing land revenue?—If the Government of Bengal wished to supplement their resources by an undue taxation upon the landholders, they would be subject to the control of the Government of India, which I think would be very properly exercised; but I see no objection in principle to the taxation of the zemindars under the permanent settlement for local purposes; but I see every possible objection to their taxation for Imperial purposes.

8829. Do you think that they would be able to appreciate the difference between Imperial purposes and local purposes?—I think that they are sufficiently acute to appreciate the distinction. The injustice and the breach of compact in exacting from the zemindars as zemindars, an additional contribution to the State is manifest; but if you localise the administration of the government, and for local purposes an additional local cess is put upon the landholders in respect of their occupation of land, I see no objection to that, nor do I think that there is much reason to doubt that the distinction would be understood by themselves.

8830. Is it not the case, is it not in fact their argument, that taxes will be imposed upon them from which they were distinctly exempted by Lord Cornwallis's settlement?—I know they say so.

8831. But it is the case, is it not; a road in Lord Cornwallis's time would be made out of the revenues of India: in future if this scheme comes into operation, it will be made by means of a road cess?—Yes.

8832. That is an additional burden upon the zemindars?—It is a burden imposed upon the locality. If they want a road in Bengal there is a road cess; if they want to maintain a school in Bengal, there is a school cess; and that is done under the authority of the local government. No portion of the funds so raised find their way into the Imperial treasury, but are collected in the locality, and are applied to the purposes of the locality. You cannot carry the distinction any further; it appears to me that it is a valid distinction, and that a tax raised in a locality for local purposes is entirely distinguishable from a tax raised from the same class of people, and put into the Imperial Treasury, and which may be applied to something or other in which the locality has no interest.

8833. You think as a fact, that they will draw that distinction, and that there will be no political danger in developing to the extent you have sketched out, a system of local finance?—They

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are very ingenious and acute, and no class of people in the world understand distinctions better than the Bengalees do.

8834. You said, in answer to an Honourable Member, that you thought on the whole India should not pay for the naval establishment in the Indian seas?—Yes.

8835. What distinction do you draw between the naval establishment and the military establishment?—The military establishment is for the internal protection of the State. Our position in India is that of a nation in the occupation of a conquered country, and of course our power must be maintained by a military force.

8836. Then, to the extent that the military force in India is not maintained for preserving internal order, but to prevent foreign invasion, I understand that you would make such establishments chargeable to England?—Yes; if we were at war with any foreign power, and India was invaded, the expense of the additional troops which would be necessary for the protection of India ought to be defrayed either wholly or in part out of English resources.

8837. A considerable outlay has already been incurred I imagine, for those purposes in India?—Yes.

8838. On the north-western frontier, for instance, the railway from Lahore to Peshawur, would not that come under that head?—That is a great military road; it is a strategic railway; in fact it was laid out as such, and it will be defrayed out of the resources of India. It is impossible to distinguish with accuracy between that portion of military expenditure which ought to be properly chargeable to the revenues of Great Britain, and that which belongs to the revenues of India; but we only act in accordance with the practice of all ages, and with the necessities of the case, in imposing upon India the burden of maintaining the army which is necessary for the preservation of our power.

8839. But not a penny of that army which is kept up with a view of providing against foreign invasion, as a fact, has been or is paid by England?—That is so; I do not enter into the question whether England is quite just in that; England does not as a matter of fact contribute to the expense of the military occupation of India.

8840. Lord *E. Fitzmaurice.*] If then, you carry out your principle to its full conclusion, you, yourself, would be in favour of transferring a portion of the military expenditure to that extent to the taxation of England?—I do not say that; that is a very large question, and one which I would rather not enter into. It is very difficult to discriminate between those charges which should be debited to the resources of Great Britain, and those which properly belong to the charge of India. I can imagine an invasion of India caused by European complications, with which India had no concern whatever, which might involve a very large military expenditure, and it would be unjust to impose upon the revenues of India the defraying of that expenditure.

8841. There has been a great deal of complaint, has there not, about the increase of late years of the military expenditure in England chargeable upon the revenues of India?—Yes, there have been complaints, there always are complaints about the home charges, charges for stores for example, which are entirely incurred in this country; but I do not know what amount of foundation those complaints have.

8842. It is the case though, is it not, that the home charges have increased in England out of all proportion to the increase of the military charges in India?—Yes; but then several heads of charge have been transferred to the home charges that formerly were provided for in India. For instance, stores; that is entirely provided for now by the Home Government, and greatly swells the English charges, but in the same proportion the Indian charges are diminished.

8843. There is a feeling, is there not, in India, that many opportunities are taken of transferring items to the taxation of India, which ought fairly to be charged upon the taxation of England?—I have heard of that; I do not know that there really is any feeling of the kind.

8844. There was a petition presented a little while ago to the House of Commons, from, I think, Bombay, on the subject, which professed to be a very representative petition; have you seen that petition?—No. To what did it refer?

8845. It contained various complaints, and amongst others, it dwelt upon several items of expenditure, especially this item of military expenditure in England, chargeable on the revenues of India?—I do not think there is any foundation for such a complaint.

8846. You said just now, incidentally, when you gave that answer about the navy, that the loss of India would be a great material, as well as moral, blow to the prestige of England; I suppose you are aware that in the present day there are many people in England who do everything they can to persuade the English people that that would not be the case; and we have had a witness before us who has urged that view?—I have heard doubts expressed from time to time of the advantages which this country derives from the acquisition of India; but I look upon the state of things as it exists; India is attached to England; whether it was expedient to attach it is another matter; and the disruption of India from England would, in my opinion, be an enormous calamity to this country.

8847. Materially as well as morally?—Materially as well as morally.

8848. I suppose you consider that our trade in India, if it were governed by native state or any other foreign power, would be materially diminished?—It would disappear.

8849. And there would be a great loss, of course, upon our Indian debt, and all Indian securities?—Yes.

8850. Then there would a great number of indirect losses connected with those securities?—The material losses which this country would sustain would take a long time to enumerate; but what I should consider of still more importance would be the blow to which this country would sustain by the loss of the greatest dependency that any country ever possessed.

8851. You mean that it would injure our prestige all over the world and especially in Asia?—Yes, it would be a blow, from which this country I believe would never recover, but at once subside into a second-rate state. However,

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ever, these questions are rather beyond my province.

8852. I thought it was a good opportunity to bring out the question, because nobody has had more experience than yourself?—I have no hesitation in expressing the opinion for what it is worth, which I have expressed on that point.

8853. *Chairman.*] You have expressed a strong opinion against the policy of the income tax, and you are very desirous that it should be abolished?—Yes.

8854. What course would you take to abolish it?—I would simply repeal it.

8855. But is it possible to repeal it in the present state of the revenue?—I cannot say what the present state of the revenue is.

8856. The present state of the revenue is this; the Finance Minister says that there is a surplus of about 250,000 *l.*; that that surplus has arisen from the opium revenue being much more productive than it has ever before been known for two years, in fact, last year opium produced nine millions, whereas it, I think, three years ago only produced six millions. Do you think that under these circumstances with such a surplus it is possible to abolish the income tax?—I do not mean to say that I would abolish it to-day, but I would take measures which would enable you to abolish it within a limited period, and these measures would be a reduction of expenditure. Your expenditure is enormous; I see no bounds to it if it goes on increasing year by year, and I particularly pointed out in the course of my evidence, that I believe that a careful and systematic supervision of the military accounts would result in a very large saving without any diminution of military power, which I do not for a moment advocate; and I believe also that large sums are squandered upon public works which are of no value, and that retrenchment must be extensively practised in that direction.

8857. Then you think that such a reduction might be made with safety in the military expenditure as would enable you to abolish the income tax?—I have expressed myself rather guardedly and generally upon the subject of the possibility of retrenching military expenditure; and my opinion is founded very much upon conversations which I have had with gentlemen connected with the military service, who are impressed with the belief that if the military accounts were placed under a different system of charge and supervision, the result would be, without any diminution in efficiency, a very considerable saving in expense; and I think that that is probable; but I can only speak generally upon the subject. As regard public works, I can speak more decidedly, because you could at once make reductions in that quarter if you found your resources were not adequate to your expenditure.

8858. But when you speak of reductions in the public works, what description of public works do you refer to?—The public works are of various kinds. Requisitions now come up from the local governments for expenditure on public works of the most costly character, and of every description. There is a standing item in the Indian Accounts which is charged to the ordinary revenues of India, what are called Public Works Ordinary; the amount is some five or six millions annually, that is totally independent of funds provided for irrigation and what are called reproductive works, which are constructed by means of loans, the interest only being charged to revenue. I do not make any observation whatever upon those works which are defrayed by loan, but I do say that the allowance for public works ordinary is very large, and the probability is that a very resolute determination to investigate that expenditure would result in a very considerable saving of money which is now wasted. In my experience in India there was more waste in the Public Works Department than in any other department of the administration.

8859. What would you define ordinary public works to be?—Barracks, jails, civil buildings, tanks, and every other work of construction except irrigation works.

8860. Those are works which it is necessary to pay for out of the revenue, are they not?—Yes, there are certain public works which must be defrayed out of revenue, because you cannot go on raising loans for works which are necessary for the purposes of a great government like that of India; but at the same time, when you are driven to the alternative of resorting to new taxation for providing public works, which are of immediate necessity, it would be very desirable to consider the propriety of partially defraying the expense of those works by loan. I now refer especially to the extensive system of barracks which was inaugurated during the sanitary furore which pervaded this country and India some years ago. Orders were issued that barracks should be erected all over India, at an estimated expense of ten millions of money; and these works were to be executed with the utmost possible dispatch; the consequence was that a very large addition to the expenditure of India was imposed in respect of this special necessity. I thought when I was concerned in the administration of the finance of India that, as our expenditure pressed very closely upon our income, it was a fair thing to provide for such an expenditure as that, partly, at least, by loan. I thought that, at all events, far preferable to resorting to income taxes or any additional taxation. It was impossible that the works could be provided within the time prescribed, unless the revenues of India was recruited from some new source; and I thought the least of two evils was that we should borrow at least a portion of the money required for the barracks, rather than have new taxation.

8861. *Chairman.*] Did you suggest that in such cases the money should be paid off in a certain period from revenue?—That was a matter of financial arrangement. I do think it desirable. It did enter into my plan that as it was to some extent a departure from the wholesome rule of keeping the expenditure within the income, a compensating principle should be established of providing something like a sinking fund for defraying this particular debt, or that a portion of the revenue should be appropriated every year until it was defrayed; and considering that it was not like an expenditure which might extend beyond any assignable time, but was an estimate founded on calculations which admitted of being confined within certain limits, I thought it was a very fair operation to borrow a portion of the funds so required, and on the other hand to make provision for the liquidation of those short loans within a certain time.

8862. That

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8862. That was a very sound principle, but was it acted upon?—The principle was sanctioned, and the Government of India was permitted to adopt that course in 1866, by the then Secretary of State; but subsequently the English Government thought fit to reconsider the matter, and the whole of the money so raised was charged to revenue.

8863. Now as regards extraordinary public works, such as are supposed to be reproductive, do you lay it down as a sound principle that the Government may borrow for such works?—Yes, unquestionably. If you can establish the fact that you are going to enter upon works which will pay the interest of the money borrowed, and ultimately the cost of construction, it is a mere commercial operation borrowing the funds; there is no objection to it.

8864. But in those circumstances would you provide that when the works became productive, the revenue from those works should be faithfully applied to the payment of the interest and the extinction of the principal?—Certainly.

8865. Is there any such provision made in the extraordinary public works that have been so executed?—I apprehend there is. When I was in India the system of borrowing for public works began, and there were certain works which were to pay their cost within a very short time, and in respect of those works I borrowed money on short debentures; and it so happened that I paid off one of the debentures in my last year of office.

8866. You are aware that there has been an enormous sum raised in borrowed money for the purpose of making railways in India?—Yes.

8867. I think we have it before us that the amount raised, including the accumulation of interest upon it was 120,000,000 *l.*, upon which we are paying 5 per cent., and that the revenue from those railways only produces about 3,000,000 *l.*, so that it leaves a loss of about 3,000,000 *l.* per annum upon the outlay. Now what is your opinion as to these railways being reproductive?—When the system of Indian railways was first proposed, the Government were not prepared to undertake the construction of them, and there was really no alternative but to get them made by the trade, so to speak, to get them undertaken by private enterprise, the funds being raised on the public credit. Well, the effect of that was the most lavish expenditure. The East Indian Railway costs far more, if not twice as much as it ought to have cost; enormous sums were lavished, and the contractors had no motive whatever for economy; all the money came from the English capitalist, and so long as he was guaranteed 5 per cent. on the revenues of India it was immaterial to him whether the funds that he lent were thrown into the Hooghly or converted into brick and mortar. The result was that these large sums were expended, and that the East India Railway cost, I think (I speak without book), about 30,000 *l.* a mile; and considering that there were no heavy expenses for land as there are in this country, and no law expenses, no vast engineering charges, in fact, considering that the Indian railways were free from the great heads of expenditure which have made our English system so costly, it seems to me that they are the most extravagant works that were ever undertaken.

8868. And that East Indian is a single line of railway only, is it not?—Yes.

8869. Do you think that it is expedient in the present state of the Indian finances to continue works of this kind?—I think that, referring to my former answer with regard to economy in public works, that answer applies equally to the extension of the railway system. You have now got the great trunk lines established through India, and your traffic and your commerce has obtained an outlet; in fact the whole continent of India is opened up. The extension of those lines into branches and feeders might be infinitesimal; there is no point at which you could say you would stop, and therefore it is that I should look with very great jealousy upon any scheme for the construction of new lines of railway in India; the Peshawur line was a strategic line, and that may be justifiable for military reasons, it being, of course, extremely desirable that the means should be provided for concentrating troops upon dangerous points with the greatest possible dispatch; it is not only strategically desirable, but it is conducive to military economy, because ultimately it may be found that you may be able to hold the country with a diminished force.

8870. It is stated in the railway accounts that a sum of 12,000,000 *l.* is appropriated to what are called political railways?—Yes.

8871. Now, do you think that in the present state of the Indian finances, it is wise to borrow money for the purpose of making those railways?—I do not know what particular railways are proposed to be made, but I should be disposed to scrutinise very strictly the reasons for embarking upon any additional expenditure of importance in respect of railways at the present time.

8872 One of the railways, called a political railway, is that from Lahore to Peshawur, and I think another is the Indus Valley line?—Yes, the Indus Valley line was a line which was very much advocated by the Government of Bombay, and no doubt it is a very important line. The estimates, I think, for that line were very carefully considered, and they were not excessive. I should hesitate about rejecting or even postponing that line.

8873. Of course these railways, I understand, are not supposed to do more then pay their working expenses?—I think that the estimate of the Lahore and Peshawur line was that it would pay commercially about 3 per cent., but even its projectors never ventured to go beyond that estimate.

8874. But we have it in evidence that the Scinde, Punjab, and Delhi Railway, I think, paid 11 *s.* 6 *d.* per cent. one year, 9 *s.* per cent. the next year, and the last half year it has paid 3 *s.* per cent.; is that a district which is likely to yield more than that railway is paying?—I cannot answer that question. The Scinde Railway has been proverbially a bad paying line ever since it was opened, and it seems to be getting worse; but whether it is railways or whether it is barracks, or whether it is churches, or whether it is palaces of justice, I say do no more than is absolutely necessary; do not tax the people of India for such things as those. If you have got surplus revenues, apply them judiciously to such works, but let them alone rather than impose new taxation to construct them.

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8875. Then you would think it a wise policy always to keep the Indian finances in such a state that the Government should never be embarrassed?—I think so; that has never been attained yet.

8876. If the opium revenue should happen to prove rather more than was estimated, would you think it was wise, seeing that it is such a fluctuating revenue, to act upon that as a permanent income?—No; you must be very careful in your estimate of opium, otherwise you may derange your whole system of finance. I should always estimate for opium upon an average of years; that was the principle which I adopted, and I found it answer; but if you take an estimate next year upon the high price of this year it may run down. When I first landed in India the opium was 850 rupees the chest, and in the following year it rose to 1,400 rupees; such are the fluctuations. But if you take in the average of a certain number of years, and estimate your revenue upon that, without any reference to the yield of the existing price, or the price that you got in a former year, I think you will do as much as you can to avoid any financial confusion in consequence of a failure of the opium revenue.

8877. I think you are unfavourable to any increase in the salt duties?—Yes, very much so.

8878. But you are no doubt aware that the price of salt depends very much upon the cost of the carriage of the salt in many districts?—Yes, very much.

8879. And no doubt you are aware also that the opening out of the railways has had this favourable effect, that it has so much diminished the cost of carriage as to enable the people to provide themselves with salt at a lower rate, although the duty has been increased?—That is so in some parts of India.

8880. But still you would say that even in those cases it would be inexpedient to increase your revenue by any addition to the duty?—I am very much against any addition to the salt duties, and I am more especially for guarding against that, because it is an expedient so often urged upon the Government by the European community in India; and I think it a very dangerous one, not politically dangerous, because the poor people who pay the salt duty are not likely to become formidable, in a political sense, to the English rule; but it is a tax which you may say falls exclusively upon the lower orders of society in India, and one that cannot fairly be increased without oppression.

8881. But has there been much complaint of the salt duties on the part of the people?—They complain, as every member of the Indian community complains, of taxation; but they have no means of making their complaints heard. The lower orders of India have no organisation such as European countries have; their cry is little attended to; but it is not because they do not complain that I would increase the burden which particularly falls upon them; I think that a sense of justice and humanity forbid our deriving any additional revenue from the salt. It pays us now about six millions a year, and that is quite as much as we ought to exact from the labouring people.

8882. Mr. *Hermon.*] Have the natives ever suggested any equivalent to that tax?—Various taxes have been suggested. A tax on tobacco has been suggested. We went into that; and among the numerous taxes recommended, none of them will hold water at all; taxes on succession, and on tobacco were suggested, and the result of our investigations into a tax on tobacco was, that you might get a revenue from it, but it would be a revenue which would be paid by the same class of people who pay the salt tax, and the shorter way would be to increase the salt duties at once.

8883. I wanted to know whether they had suggested any other tax which would be more agreeable to them, but which would be to a certain extent to tax themselves in the same way as the salt duty does?—No, there is no other way by which you can get at the lower orders; it is, in fact, a poll tax.

8884. Mr. *Lyttelton.*] The people who do not use the Manchester goods are not reached in any other way, are they, than by the salt tax?—There are very few of the poorer people who consume any Manchester goods.

8885. Not piece goods?—No.

8886. You think then they are too poor to be taxed at all?—Yes.

8887. Mr. *Hermon.*] How has the alteration of the duties from the abolition of the discriminating duty between British products and those of other countries interfere with the British productions?—Not to any appreciable extent; the British production has the command of the market.

8888. Then you are of opinion that the old system of taxation, where there was a discriminating duty between the products of Great Britain and the products of other countries, was not exactly a tax that we could uphold?—No, the financial results were not such as to render it worth while to maintain it.

8889. And you give that answer in connection with the different guarantees that we give from this country in respect of railways, and so on?—Yes. I do not think that you affect the question of guarantee at all by the maintenance of discriminating duty between the products of this country and the products of foreign countries.

8890. *Chairman.*] As far as I understand your opinions, economy and retrenchment is the policy which ought to be adopted by the Indian financiers?—As distinguished from fresh taxation.

8891. Have you anything that you would wish to add to your evidence?—No, I have nothing to add.

8892. Sir *D. Wedderburn.*] I understand you to say that if you take a low estimate, and a good long period of years to make your average from, you may count upon opium as a tolerably permanent source of revenue?—I think you may count upon the funds which we have made available from that source as tolerably equal, year by year.

8893. You are not afraid of its disappearing on account of the increased cultivation of opium in China, or in other countries?—That is the great question. When I was in India there were frequent alarms of that kind, and there have been since, but we never could ascertain by the best inquiries that we could institute, that there was any real foundation for those alarms.

8894. I think you were not asked your opinion on those great irrigation works which are contemplated

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templated; a large sum of money, nearly half a million, has recently been sanctioned for irrigation works in Western India; now, do you think that the previous success of such works, and the financial condition of India, will justify that outlay?—Well, I would not embark in any of those works unless reliable data were furnished that the line was well selected and that it was likely to pay; because the whole of those works now are provided for by loans, and if the works should be ill-constructed, or if there should be no demand for the water or an inadequate demand, the debt of India would of course ultimately be increased by the amount expended on such works.

8895. In this particular case, the estimated revenue, exclusive of navigation, was estimated at from 15 to 20 per cent., but would you not say from the previous experience which we have had, that such estimates are extremely unreliable in the case of irrigation works?—Most unreliable; the revenues derived from some works in Madras have been very large indeed, but the estimates for some of the great works which have been constructed in Central India were very high and the profits very small.

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COUNCIL of the Governor General of India, assembled at Calcutta, for the purpose of making Laws and Regulations.—6th April 1872.

FINANCIAL STATEMENT by the Hon. Sir *Richard Temple*, K.C.S.I.—6th April 1872.

My Lord,

I HAVE to present the Budget of British India for the year 1872-73.

Preface

In the midst of the preparation of this statement we were arrested by a most lamentable event which deprived the Indian Government of its head. The changes consequent on the death of the Earl of Mayo have delayed the completion of the Budget, and interrupted the consideration of some financial questions connected with it, therefore the exposition now to be made, though complete, we trust, in respect to facts, cannot be so complete in respect of policy as it might have been. My Lord, as it is impossible to avoid alluding here to that most grave occurrence, I feel bound on this occasion to bear witness to the serious loss which the financial department (in common with all other departments) has sustained by the death of Lord Mayo. This Council, and indeed all persons interested in Indian finance, well know how sound and just were his opinions on financial subjects. But those who were in almost daily communication with him regarding the administration of the exchequer, the work of the treasury department, the gathering in of receipts, the regulation of expenses, must necessarily know best how firm he was in the enforcement of economy, how strict he was in adherence to rule, how anxious he was that the State resources should be reserved, either for indispensable or for beneficent purposes, how consistent he was in the vindication of financial considerations, how generous he was in the support of those engaged in the conduct of affairs.

Your Lordship and the Council, then, will doubtless bear in mind the particular disadvantage under which this statement is made to-day.

Before proceeding further, I desire to make certain remarks supplementary to the statement delivered by me here on the 9th of March last year.

The Council may recollect that on that occasion I showed for the year 1869-70 an actual surplus of 118,668 *l.*, observing that this result was owing partly to management and partly to fortune. From observations since made in England, it would seem to have been supposed that this result arose from crediting to the income of the year various extraordinary receipts which ought not to have appeared there at all, and without which there would have been a deficit. From the tenor of some of these observations, indeed, it would further seem to be supposed that I had omitted in my exposition to bring this fact into prominent relief. I certainly stated the finance to be in surplus, and so it was. It was necessary to make this statement, and none other could have been made. At the same time, however, those credits, so far from being unnoticed, were prominently noticed, while the debits on the other side were also mentioned. This was in 1870. So clear, indeed, were the points made that some public attention was attracted to them; and this caused me to revert to the matter in 1871, and to draw attention once more to those large credits.

By the existing system of finance and accounts all receipts, of whatsoever nature, whether ordinary or extraordinary, whether regular receipts or casual receipts, commonly called "windfalls," or other, must appear in the income of the year, and cannot be excluded therefrom, in order to be embodied in any other account. I am not, indeed, prepared to say that the system can be altered in this respect; but whenever such extraordinary credits occur they should be clearly set forth, so that the financial position may not be allowed to seem better than it is; and they should not be permitted to affect the provision of ways and means, or to mitigate taxation, or to stay reduction of expenses. We should so arrange that the current finance may not derive any undue benefit from them. Now, this is just what has occurred in regard to these credits of late years. They were not entered in the Budget of 1869-70, for the reason that they were not expected to accrue within that year. Thus they did not affect the provision of ways and means. It was quite irrespectively of anything of this kind that we imposed the income tax and raised the salt duties. It was also irrespectively of this that we enforced various reductions of expenditure, civil and military. If the expectation of these credits had influenced our judgment, and induced us to waive the increase of taxation, or defer the reduction of expenditure, then the effect would have been bad. But the very contrary occurred, and the bad effect was avoided.

I proceed to deal with my subject in what are its well-established divisions; firstly, the "actuals," or figures of the last year (1870-71) for which the accounts are closed; secondly,

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the "regular estimate," or latest figures of the year 1871–72, just completed, for which the accounts are not yet closed; thirdly the "Budget," or the estimated figures for the year just commencing, 1872–73; fourthly, the ways and means and the cash balances.

Actuals, 1870–71.

I begin, then, with the actual figures of the year 1870–71. In my last exposition the surplus of income over ordinary expenditure for that year was shown to be estimated at just one million, or 997,100 *l.* The actual result now proves to be a surplus of 1½ million, or 1,482,990 *l.*, being an improvement of just half a million, or 485,890 *l.* the total income being 51,413,685 *l.*, or nearly 51½ millions, the largest ever yet attained in British India, and the ordinary expenditure being 49,930,695 *l.*, or close on 50 millions. This improvement in the surplus arises chiefly from increased receipts in India, but partly also from short expenditure in England. The expenditure in India turned out, on the whole, to be about the same as the estimate. The details will be found in the figured statements, and time will not permit me to explain them all here. But, in general terms, there were comparatively small increases under most heads of revenue, showing that the regular estimate had been cautiously made; and the net effect of the relatively slight variations on the expenditure side, items of increase being on the whole balanced by those of decrease, showed that the expenses of the State had been kept fairly well in hand.

The year 1870–71, then, ended thus: By the Budget estimate there was anticipated an equilibrium between income and ordinary expenditure with a small surplus of less than 200,000 *l.*; the actual result has been a surplus of 1½ millions. Certainly this satisfactory surplus has been secured not at all before it was wanted, as a partial set-off against the deficits of previous years. And we must remember that of the million and a half, full one million, or two-thirds of the surplus, arose from unlooked-for increase in our opium receipts; a resource on which we could not reckon beforehand, and on which we should have had no right to rely. Without this there would have been a very moderate surplus, not largely in excess of that which had been originally estimated. I may, therefore, reiterate what was explained in my last exposition, namely, that the actual surplus cannot be justly held to invalidate the policy of those special measures of direct taxation which were resorted to in that year.

In addition to the above, there was an extraordinary expenditure on reproductive public works of 1,167,810 *l.*, or more than one million from loan funds.

Regular Estimate, 1871–72.

We thus arrive at the second part of the subject, namely, the regular estimate for the year 1871–72. This estimate is based on the actual figures of 11 months for most, and 12 months for a few, of the main heads of income; of 11 months for most branches of civil expenditure and of nine months for the army and public works department. Still the remaining accounts yet to come in, and the inevitable adjusting entries in the last month of the year, are so important that, despite all precautions, many possible variations between this estimate and the future actuals must be looked for.

The result, however, so far as yet known, is in this wise. The budget estimate for the current year showed an equilibrium between income and ordinary expenditure with a small surplus of 93,400 *l.* The regular estimate, however, shows an income of 49,976,500 *l.*, or 50 millions, with an ordinary expenditure of 47,276,500 *l.*, or 47¼ millions, leaving a surplus of 2,700,000 *l.*, or 2¾ millions. The income is not quite so high as the income of the last two years; but the ordinary expenditure appears remarkably low as compared with the figures of previous years, and is the lowest that has been shown since 1866–67.

It will be very satisfactory if this anticipation shall be realised.

In this year, however, as in the preceding year, the main cause of the surplus arises from the opium receipts. Early in the spring of 1871 a very injurious blight befell the poppy crop of Behar, by reason (as appeared on inquiry) of unseasonable rains soon after seed time, and of unpropitious changes in the weather near harvest time. Hence there was, immediately, an anticipation of a short yield, which anticipation was but too fully borne out by the event, for the damage turned out ultimately to be a loss of 14,743 chests, or 26 per cent. on the expected out-turn. Consequently, the prices of Bengal opium rose, and continued to range at high rates. Thus the fiscal receipts became much enhanced. Under ordinary circumstances, it might be supposed that such enhancement would be counterbalanced by short supply. If, on the one hand, we received more than was expected for the quantity disposed of, we should, on the other hand, have less quantity to offer for disposal. But, in reality, such was not the case under the circumstances necessarily produced by the existing system. While the high prices were ruling, we were disposing of full quantities drawn from the yield of the previous year. The short harvest did not affect the supplies of the period immediately following. Consequently the revenue, for a time, gained the full advantage from enhanced price on a full supply.

	Chests.
Final Estimate	55,724
Out-turn -	40,981
Deficiency -	14,743

Besides this temporary advantage relating to the Bengal opium, the same causes appear slightly to have stimulated the exportation of Malwa opium from Bombay. The export of this opium which pays a fixed duty per chest has somewhat exceeded the estimate.

Again, these circumstances operated on the immediate financial out-turn in another way; which was this. The estimated outlay for Bengal opium on the part of Government had been framed on the supposition that there would be an average yield, and, consequently, an average payment to the cultivators for their produce. But, as the produce fell short, so the payments decreased. Hence, there was a large saving on the expenditure side.

On the receipt side there is under this item 1¼ million, or 1,214,900 *l.* more than the Budget; and on the expenditure side nearly half a million, or 491,600 *l.* less than the Budget. The real improvement on the receipt side is even larger than appears on the face of the accounts, for, owing to a change of system introduced during the year, the cost price

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Regular Estimate, 1871-72

of opium retailed for consumption in India has been removed from the head of opium on the receipt side, and from that of excise on the charge side. The sum of 138,600 *l.* was the estimated receipt on this account, and this sum must be added to the increase shown in the accounts, in order that the total real improvement may be understood.

Thus the total actual gain under opium as compared with the original estimate of the year amounts to more than 1¾ millions, or 1,845,100 *l.*

The prices of Bengal opium, which stood at 1,163 rupees per chest at the beginning of the year, that is, in April, rose gradually till they reached 1,569 rupees per chest in November. Then they fell to 1,425 rupees per chest in December, since which time they have remained steady on the whole, though with occasional fluctuations and indications of a tendency to decline. The average price per chest obtained for the 49,695 chests sold during the whole year has thus been 1,388 rupees, instead of 1,075 rupees as estimated. After the fluctuations which the prices have experienced, it were vain to predict their continuance at any such rates; especially as they probably depend on the vicissitudes of season not only in India, but also in China. If there should be, simultaneously, propitious seasons in both countries, a fall in prices is to be feared. At all events, we should be on our guard against a fall in prices, which are now ranging higher than the average of recent years.

By this great gain on opium, then, we account for nearly three-fourths of the surplus (2,606,600 *l.*) over the original estimate; in other words, for that part of the surplus which is abnormal or exceptional.

But there still remains more than one-fourth, represented by 761,500 *l.*, to be otherwise accounted for, which is of a more normal and regular character. This portion of the surplus does not at all arise from increase of receipts other than opium, for, on the contrary, there is some decrease in those receipts. It really arises from large savings in expenditure, as will be presently seen. The reductions on the side of charges amount to 1,098,800 *l.*, with a set-off of 337,300 *l.* loss of receipts, bringing out the net sum of 761,500 *l.* above shown.

I must, first, explain the decrease of revenue, which occurs, under various heads, as follows:—

Under land revenue there is a falling off of 142,700 *l.*, which occurs, in Oudh owing to floods, in Bombay, owing to large remissions necessitated by drought in the southern Mahratta country, and in Bengal owing to the sale of Government estates being stopped.

Under forest there is a decrease of 146,800 *l.*, partly balanced by a saving in the expenditure of 116,100 *l.*

The salt revenue shows a falling off of 193,800 *l.*, which is distributed through all the provinces and must cause some anxiety.

The decreases under post office, telegraph, law and justice, and marine are all largely exceeded by savings shown on the other side of the account. The decrease of 25,200 *l.* under public works ordinary is owing to the transfer of receipts to provincial funds. The falling off of 25,700 *l.* in canal rents, notwithstanding the heavy expenditure of capital on these works, is not satisfactory.

On the other hand, there are some increases, namely, 25,900 *l.* under tributes, due to a succession having occurred in the Nábha State; 224,600 *l.* under assessed taxes (Income Tax), the arrears from the preceding year having proved larger than was expected, and 64,300 *l.* under army receipts, sale of stores, and the like.

So much for the receipt side. On the expenditure side there are reductions as follow:—

There is decrease of 33,600 *l.* under interest on service funds and other accounts, attributable to transactions with the several civil funds; of 90,100 *l.* in land revenue establishments, arising chiefly in the allowances payable to village officers in the Bombay Presidency; of 12,800 *l.* under assessed taxes; of 8,500 *l.* under customs; of 103,300 *l.* under post office, partly due to economy in India, but chiefly relating to the payments in England of the subsidy for the overland postal service; of 48,400 under telegraph; of 16,700 *l* under minor departments; of 129,800 *l.* under law and justice, owing to general economy, but partly relating to the process-serving establishment in the Madras Presidency; of 170,900 *l.* under marine, relating partly to provision of stores in England, and partly to slack work in the Bombay dockyard; of 8,100 *l.* in the ecclesiastical department, owing to vacancies remaining unfilled, of 108 400 *l.* in the miscellaneous branch, owing to improvement in exchange. The decrease in excise of 159,500 *l.* is largely nominal, as already explained with reference to the opium figures, and the decrease under stamps and stationery of 150,900 *l.* is partly owing to the transfer of stationery to the heading of administration, which accordingly shows an increase of 82,200 *l.*

I am obliged to be brief in respect of these items, indicating only those circumstances which are special. But in general terms, it may be said that these reductions are largely (though not wholly) derived from real savings of various sorts all over the country, apparently small if reckoned singly, but making up a considerable aggregate when taken collectively.

In respect of the army, it will be observed that the charges are not expected to increase beyond the amount set down in the budget, but that on the contrary there is to be a saving of 240,100 *l.* That increase should be avoided, is a circumstance creditable to the military authorities and indicative of saving and economy. For the estimates are burdened with two items not originally contemplated. A saving of 100,000 *l.* in the native army was reckoned upon, which calculation was considered justifiable in the then condition of our correspondence on the subject with Her Majesty's Government. To our regret, however, we have not been able to secure that saving. Again, since the framing of the budget, it has been found necessary, as is well known, to undertake military operations against the

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Looshais and other wild tribes on the eastern frontier. The cost of that expedition will entail an additional charge of 200,000 *l.* during the year.

It may therefore be asked how, notwithstanding these items of increase, the total result has not been unfavourably affected, but is turning out more favourable than the first estimate? Well, the reason is that there have been considerable savings, estimated at 480,000 *l.*, or nearly half a million sterling. There is hardly time now to specify the items of which this large economy is composed. But I may state briefly the chief of them. In the first place there is a total reduction of 198,000 *l.*, in various items, namely, the cost of provisioning European troops, the compensation payable to native troops for dearness of grain, the cost of feeding army remounts and commissariat cattle, the compensation for dearness of forage. Again, there have been lesser, though still appreciable reductions in the purchase of live stock, of rum, of remounts, of camp equipage; in the charges for sea transport by the Cape and for overland transit, in medical supplies, in barrack establishments and supplies, and in miscellaneous charges, by abolition of various appointments, or by vacancies left unfilled in the medical branch, in the military account department, in the commissariat establishments, together with other reductions. On the whole, I think we may congratulate our colleague at the head of the War Department (General Norman) on the satisfactory condition of the military estimates.

As some of the remarks made on this subject in my exposition before this Council of March 1871 have been followed by public discussion elsewhere, I am obliged to revert to that for a moment. The Council may recollect that commenting on the estimate of military expenditure *in India* for 1871–72, I remarked that the amount was the lowest that had been taken any year since the war of the Mutinies. From the comments evoked by this remark, it would almost seem to be supposed that the total military expenditure (both in India itself and in England on account of India) had been reduced; that the reduction itself was made to look larger than it was; that the fact was ignored of the expenditure not having decreased in proportion to the reduction in the strength of the army in India But if any such suppositions have been entertained by any one, they are quite incorrect.

It has never been represented in this place that the *total* expenditure (in India itself and in England on account of India) has been reduced. The figured statements laid year by year on this table have shown the contrary. And in my exposition of March 1869, it was not only declared that in the aggregate the expenditure has increased despite reduction of force, but it was shown, in some detail, how this had come about. On that occasion, a brief *resumé* was given of the inevitable circumstances which have enhanced the expenditure of late years, circumstances arising from the rise of prices, from organisation approved of by the Government in India and in England, from regulations applicable to India in common with all parts of the British empire, from improved armaments, from increased demands arising out of changes of system.

These points having been already stated on a former occasion, I did not last year trouble the Council with a re-statement. It was indeed stated, in March 1871, that the expenditure in India was at the lowest point reached since the war of the Mutinies, and thereby allusion was made not to any insignificant amount, but to a difference in our favour of 443,636 *l.*, or nearly half a million. And this, by itself, is fact of relevance and of consequence, inasmuch as the charges in India do, in the main, represent the effective charges of the army, less stores and transport charges, which are incurred in England. And this had arisen partly from efforts and sacrifices made by the Government of India. But in stating this, nothing was further from our intention than to intimate that no further reductions of expense could be judiciously made.

The decrease in railways, 101,300 *l.*, is owing to short expenditure of capital. Less land has accordingly been taken up, and there is less loss by exchange The head of guaranteed interest which was at one time during the year the source of some anxiety ends with a small improvement of 35,500 *l*

It will be observed that there is an increased charge of 101,400 *l.* for interest on the debt. This is due to large arrears of unclaimed interest having been paid during the year, partly in reference to the discharge of the 5 per cent. loan.

In the item of provincial services there will be found an increase of 51,800 *l.*; this has arisen from additional or supplementary grants made during the year to several local governments, to cover fresh services transferred to provincial administration, or for other reasons in special cases. Ordinarily, the allotment for these services ought not, under present arrangements, to increase, unless the services themselves be increased; in fact, the comparative fixity of the grants for services which would otherwise be growing constantly, is one of the financial merits of the scheme. But during this, the first year after the introduction of the measure, it has been necessary to make a few special and limited concessions in order to adjust claims relating to antecedent transactions. As one instance out of several, I may mention the allotment made for the construction of the small cause court house at Calcutta, whereby the annual rent defrayable by the Government of India has been capitalised and discharged by payment of an equitably calculated sum.

It might be premature to pronounce on the general merits of the scheme in practice after only one year's experience; but, from a financial point of view, it appears to be working well. There has been, of course, the avoidance of that friction which is inseparable from a central control over expenditure in matters specially local. There is some abridgment of labour. There has been either absence of complaint, or else expression of satisfaction on the part of the local authorities. Here and there it may be that charges have been allowed under the new, which would have been refused under the old system. But, on the whole, the local governments

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governments seem to have been stimulated in the study of economy by the new and additional interest which they are enabled to feel in their financial affairs. And, further, this is evidenced by the fact that some of these governments have husbanded the sums at their credit, and keeping their expenses within the limits of their grants, have begun to accumulate funds for future use.

In previous expositions I have noticed the clearance effected in some parts of the accounts by the adjustment of long standing and unsettled items both on the credit and the debit sides. Having regard to the complexity and variety of the affairs in hand, we cannot say that no such adjustments will recur; but, as a fact, none have occurred during the year and none are immediately anticipated. One only, of any consequence, is looked for at present, and that relates to the capital of the civil service annuity funds recently abolished.

To return to the figures then, the sum of my explanation is this, that besides the surplus of 1,845,100 *l.* from opium, there is a surplus of 765,100 *l* due to other causes. This latter amount (761,500 *l*) is owing to large reductions in the expenditure. The budget estimate showed an equilibrium supported by a small surplus of 93,400 *l.* The regular estimate shows a surplus of 2¾ millions (2,700,000 *l*) Of the excess (2,606,600 *l.*) over the original estimate, more than 1¾ million is due to opium, under abnormal circumstances. But there remains three quarters of a million arising under normal circumstances of finance. Disclaiming any credit for the opium surplus, we may, perhaps, in some degree, claim credit for the remainder of the surplus, as tending to show that the original estimates were cautiously made, and that economy has been so enforced that the various departments have worked within the estimates of expenditure

It will be prudent to defer commenting on the consequences which may hence accrue to the position of our finance, until it shall be possible to compare this important estimate with the actual figures after closing the account. Whatever surplus shall ultimately be found to have accrued, will be, indeed, needed to compensate for deficit of former years. And, if the result now brought out shall be sustained and confirmed, its importance will be manifest, especially if considered together with the secured surplus of the year 1870–71. There would then be occasion for observing how far the deficit of previous years had been counterbalanced by surplus of succeeding years. Our hope is that, on the combined result of a series of years, there will be a sufficiently even balance between the incomings and outgoings of the Treasury; or, in other words, that one year taken with another, we shall have received as much as we have disbursed for ordinary expenditure, irrespective of the extraordinary account. This is a primary object of our financial management, and we shall, with unremitting effort, strive to place the attainment of the object beyond question or dispute.

The surplus arising from comparison between income and ordinary expenditure is irrespective of the extraordinary expenditure on reproductive public works, which is provided for by loan funds. An expenditure on this account of 3,626,000 *l.* was contemplated in the budget estimate; the regular estimate, however, shows only 1,736,800 *l.* so spent. This latter sum has been chiefly expended on the great canal works in the Cis-Sutlej States, from the river Sutlej; in the Agra division, from the river Jumna, below Delhi, in Behar, from the river Sone; in Orissa, from the river Mahanadi; in the delta of the Godavery, for extension of the irrigation system there. There has also been some expenditure on important projects, in Oudh from the river Sarda; in Rohilkhand, from the river Ganges (called the Eastern Ganges Canal); in the Lower Doab, also from the Ganges; these canals being in addition to the well known Ganges Canal.

In respect to the State railways, there has been expenditure on the lines between Lahore and Peshawar; between Delhi and Rewaree; between Agra and Ajmír; also on the project for the lines between Multan and Kotrí in Sindh; between Nimar and Indor in Central India, and between Dharwar and Karwar in the south Mahratta country.

That the estimated amount has not been more fully spent, is due chiefly to prolongation of the time allowed for the elaboration of the canal projects, and partly to the unavoidable delay in determining the narrow gauge for the State railways in India

According to the form prescribed for the financial statement, the sum of 1,736,800 *l.*, added to the 47,276,500 *l.* of ordinary expenditure, make up a total of 49,013,300 *l.*, or 49 millions.

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I now arrive at the third part of the subject, namely, the Budget Estimate for 1872–73.

Commencing on the receipt side, we find 21 millions (20,900,000 *l.*) under the head of Land Revenue, the calculation in this instance being based, for the most part, on the estimates by the local governments. The amount exceeds that of previous years, and (if adjustments and transfers be for the moment put out of question) is the largest sum of land revenue ever yet presented. The realisation of this large estimate must, however, partly depend on the ensuing rainy season.

Under Forests, there is an increase of 154,400 *l.*, against which must be set an increase on the charge side of 110,000 *l.* The department is at present largely engaged in furnishing sleepers for the State railways. Its receipts, indeed, for the most part represent the value of work done for the service of the State, The cash receipts from private persons and from the general public are not, as yet, considerable. The financial result is therefore unimportant; and there is no profit in the strictest and narrowest sense of the term. Such being the case, there is every reason for enforcing severe economy in the expenditure of a department which is not, ordinarily, and directly, remunerative. On the other hand, the expenses (on the whole increasing from time to time) do really subserve the national object of husbanding and preserving that wealth of forests wherewith nature has endowed

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many parts of India—a wealth which would, otherwise, be wastefully and destructively expended, even up to the limit of exhaustion and extinction. In this view, our forest expenditure may be regarded as indirectly remunerative.

In Excise there is a nominal decrease of 125,700 *l.*, as the cost price of opium retailed in India is, henceforth, to be credited directly to opium, and not intermediately to excise.

The item of Assessed Taxes I shall reserve for remark hereafter.

The Customs revenue is estimated at 2,570,000 *l.*, being approximately the same as in the past year. It might be wished that the condition of trade warranted the anticipation of a large increase under this head of revenue. But the statistics of the foreign trade of India, for some years past, would not bear out such an estimate. It is not possible, at this place and time, to analyse these very interesting statistics; but I may here state that the figures for the last complete financial year, 1870–71, show the total value of imports and exports at 96½ millions; whereas the previous three years showed, for 1869–70, 100¼ millions, for 1868–69, 105½ millions; for 1867–68, 99¾ millions, respectively. So far, then, 1870–71, would seem to show a falling off as compared with previous years. Even those years fail to prove a tendency towards progressive increase. And the year just closed hardly promises more than a slight improvement. Such would *primâ facie* be the inference from the totals of the figures. But the inference would become less discouraging on further examination. For, as is well known, the American war imparted, from 1862 to 1865, a violent impetus to Indian trade; an impetus, indeed, too strong to last. The average trade of the five years preceding the war amounted to 52½ millions per annum. For the five years since the war, the trade has averaged 102 millions. The average increase of the latter quinquennial period over the former, then, is very considerable, and might encourage the hope that India is not losing, but is, to a large extent, maintaining, the commercial position which special circumstances enabled her for a time to acquire. Reverting to the trade of the year 1870–71, I would ask remembrance of the fact that the trade consists of two elements, merchandise and treasure. Now the total merchandise imported and exported amounted to 88¾ millions, which compares favourably enough with the 85½ millions of 1869–70, the 89 millions of 1868–69, and the 86½ millions of 1867–68. Again, for 1870–71, the exports amounting to 55½ millions represent the largest figure for any year since the American war, and, on the whole, this figure, representing the quantity of her produce which India sends to other countries, is the most important of all her commercial circumstances. Moreover, this good result was obtained, not in a year of peace, but in a year when the Franco-German war injured the trade with France and caused a diminution, by full two millions, of the exports from India to that country. The returns for the current year, so far as yet made up, promise that this favourable position will be maintained. Whatever else, then, may or may not, be inferred in respect to our trade generally, I may say that our export trade is such as to impart hopefulness to every well-wisher of British India. Again, the imports of 1870–71, valued at 33½ millions, exceed, somewhat, the 33 millions of the preceding year. Both years are, however, rather below the sums of the two previous years. But for this there is a particular reason, in that the tariff valuations of cotton goods and metals were reduced, in 1869, by 15 per cent. Had the valuation remained the same, then the value of imports for 1870–71 would have been higher than any year since the American war. Here again, therefore, no reason for discouragement appears. On the whole, however, it must be acknowledged that, with seasons generally prosperous, such as those we have lately had, we might have hoped that the Indian population would enlarge their consumption of European articles more than they are, apparently, doing at present.

But, if the last year and the current year have progressed fairly well as regards merchandise, why does the total trade show a diminution? Because the importation of treasure has greatly decreased of late. Even after the famous "drain of silver to the East" had become mitigated, still, during the first four years after the conclusion of the American war, India imported on an average 14 millions sterling worth of treasure annually. In 1870–71, however, only 5½ millions were imported. This fact may seem, at first sight, surprising. But the surprise would be lessened if it were remembered that, during the preceding years, the importations of treasure had been large, and that during this year, the drawings by the Secretary of State in London were high, amounting to nine millions. During the year 1871–72, the Secretary of State's drawings have been, again, large, 10¼ millions of pounds, and, till lately, but little treasure has been imported. For some time past, however, the importation has been rising.

Turning to particular staples, the importation of piece goods is, in respect to quantity, satisfactory enough. But I would recall to mind what was pointed out in my last exposition, namely, that this alone would not prove a favourable condition of the trade. There have been, and perhaps still are, complaints of difficulty of disposing profitably of these goods in the market in the interior of the country. As regards exports, cotton (577½ millions of lbs.), jute (3¾ millions of cwts.), oil seeds valued at 3½ millions sterling, coffee (33½ millions of lbs.), tea (13¼ millions of lbs.), indigo (101,421 cwts.), rice (15¾ millions of cwts.), for the year 1870–71, represent very satisfactory quantities; and there is good hope of these quantities being maintained, perhaps even exceeded.

The influence of the Suez Canal upon the trade of India is becoming clearly perceptible. The proportion of steamers to sailing vessels in our ports is fast increasing. To and from Calcutta alone, there passed through the canal during 1871 some 155 vessels, carrying produce valued at 13 millions sterling. I am not able to give similar statistics for the other ports. But the facts from Calcutta will give some idea of the magnitude which the canal-

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borne trade is fast reaching. Not only are the less bulky and more valuable imports being carried by that route, such as pressed cotton and piece goods, but also some of the more bulky exports, such as oil-seeds and fibres, and even rice. The extent to which an important export, the fibre of jute, is being thus conveyed, may be regarded as remarkable: last year (1871) some 74 ships laden with 633,000 cwts. of this staple, among other things, passed through the canal. This, of course, is contrary to the original expectation, according to which it was supposed that for the bulky articles, the Cape route would be preferred. The fact that British coal is appearing among our imports, to the partial suppression of Indian coal, is probably attributable to the canal For the ships sailing by the Cape route, being no longer able to find freight in piece goods and the like, from England to India, are beginning to carry coal. On the other hand, despite the competition of the canal, the season has been very favourable for the sailing vessels on the old route, and freights have been more than usually high.

I have made these observations here, because the state of trade greatly affects several items in the budget.

The next item is Salt, under which there is an increase of 106,800 *l.*, the revenue estimated being, however, a fraction less than the amount actually received in 1870–71, that is, the year before last

The amount set down for opium, 7,700,000 *l.*, or 7⅘ millions, though but little below a normal estimate, is considerably less than that which we are receiving for the current year. This decrease arises, as respects Bengal, from the circumstances I have mentioned to-day, namely, the short crop of last season. That failure of supply affected only one quarter of the financial year just closed. But it will affect three quarters of the present year. For these three quarters, then, the quantities are known, and have been already notified. The Government has further announced that it will not, in any case, sell *more* than 48,000 chests in the calendar year 1873. This has reference to the formation of a substantial reserve of opium; an object which we have long had in view, which we have been prevented from attaining by misfortune of harvest; but which we still hope to attain. The prospects of the poppy are good as yet, but we must take 951 chests from the present crop, to make up the quantity advertised for sale in 1872. If the yield should prove large enough to provide this and leave a margin, it has been determined not to postpone longer the commencement of a reserve sufficient to enable us to mitigate the effects of such a failure of crop as we have experienced during the past year

It has been shown to-day how greatly the prospect of short supply has caused prices to rise during the late financial year, and how, despite fluctuations, these prices remain high. If they were to continue steady at these rates, or nearly at these rates, then, notwithstanding the diminished quantity of the first three quarters, there would be a high revenue. But no reliance can be placed on their remaining steady. If the yield of the coming harvest in China were to be large, the possibility of fluctuations in prices, perhaps even of a serious decline, must be borne in mind. And if such a decline were to occur while we were disposing of the short quantities from last season, the falling off in fiscal receipts would be aggravated. Considering, then, that we must guard our financial arrangements against disturbance from failure in this precarious branch, we have assumed the price of Bengal opium at 1,200 rupees (or 120 *l.*) per chest, a price which, though considerably less than the average of prices during the past year, is yet a good deal more than the 1,075 rupees (107 *l.* 10 *s.*) per chest assumed in my last budget. This estimate will, I trust, be found to be safe, as it provides for the contingency of a fall in prices.

There remains the estimate of the number of chests of Malwa opium likely to be exported, which will pay the fixed duty per chest. In framing this estimate, we must be guided by the prospects of the trade and of the harvest, and the quantity of Bengal opium to be brought forward. These points having been considered, a probable number of 37,420 chests has been set down. Compared with 38,754 chests which paid duty in 1871–72, the number appears moderate. The reports of the Malwa crop now being gathered are quite satisfactory.

The estimated exports of Malwa opium, combined with the 44,175 chests of Bengal, will bring up the total estimate of Indian opium for China to 81,595 chests.

Year by year, experience brings home to us the conviction that there are few points of greater consequence to the prosperity of Indian finance than a safe and moderate estimate of the opium revenue.

The Stamp revenue is expected to amount to 2,500,000 *l.*, being almost the same as the figure shown for the year just closed. The progress of this item has been satisfactory for many years. Up to 1860, the highest annual sum received from stamps, was three-quarters of a million, 722,156 *l.* A revision of the law then took place, which brought the yield up to 1½ millions per annum, 1,455,633 *l.* In 1862, a further revision was made, under which the revenue rose to close on two millions per annum in 1867. Then a series of revisions, more complete than any previous undertakings were conducted, embracing both duties leviable on judicial proceedings and on legal instruments, that is, both the judicial and the commercial branches; in these affairs our late colleague, Mr. F. R. Cockerell, had a laborious and honourable share They were completed in 1870. The object aimed at was, to simplify and readjust the scale of duties; to rather lower them on the whole; and for increased returns, to rely mainly on improved strictness of administration. In arranging this, regard was had to the model of the English stamp law, to local custom, to the convenience of trade, and to the interests of the various classes of suitors. Under the operation of the recent legislation, the revenue has risen from two millions in 1866–67 (1,923,977 *l.*) to

2½ millions

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2½ millions (2,496,000 *l.*) for the year just closed. On the whole, it may be said, that in 12 years, the stamp revenue of India has risen from three-quarters of a million to 2½ millions per annum.

The Mint receipts, arising chiefly from the seignorage on the coining of bullion presented by the public for that purpose, are governed by the considerations which I have mentioned regarding the importation of treasure. The two mints (at Calcutta and Bombay) have, for the last years, been often in a state of enforced inaction. At present there is much more activity; there is, at times, a brisk importation of bullion; and the high rates of exchange justify hope; therefore, the estimate is based upon a calculation of eight millions worth of silver bullion being probably presented for coinage during the year, and is taken at a figure higher than that of previous years. It is still, however, moderate in amount.

A decrease of 17,700 *l.* may be observed in Post Office receipts. This arises from improved arrangements respecting official postage, and does not indicate any falling off in the postage on private correspondence, which is, indeed, increasing steadily. A decrease of receipts arising from reduction in the weight of official correspondence, though it might cause the total out-turn to be diminished in the returns, would not show the financial effect adverse, but favourable, and would only be a proof of real economy. I have noticed, in former expositions, the development of postal correspondence, public and private, in this country, now represented by 86 millions of covers annually.

The Electric Telegraph receipts show a slight improvement of 13,400 *l.*, which is the more satisfactory, in that the telegrams on the Government service are diminishing, while the telegrams sent by private persons and the public are increasing. There have been some modifications of tariff during the year. On the whole, the income of this department is but poor, especially as compared with its expenses. The fact that its annual income is just one quarter of a million (249,000 *l.*), while its charges are little short of half a million (483,000 *l.*), should supply an incentive for stringent economy in working expenses.

Under the head of Interest there will be seen an increase of 102,000 *l.* This is owing to the completion of the investment in government securities of the specie reserve of the paper currency nearly to the full legal limit of six millions. The note circulation which has been generally in excess of 10 millions, rising up to 11 millions, afforded full justification for this measure. At the present moment, indeed, the circulation is above 13 millions; but its continuance at this high point cannot be depended upon. The profits of the currency (consisting of interest saved) are set down at 245,670 *l.*, the expenses at 7,627 *l.*; leaving a net annual gain of 238,043 *l.* to the State.

Under the heading of Railways the gain by exchange is set down at 262,900 *l.*; against which there is a slight set-off of 33,800 *l.* on the expenditure side as loss by exchange. This credit and this debit arise from the existing arrangement, which was explained in my exposition of 1869. Thereby we gain 2 *d.*, that is, the difference between 1 *s.* 10 *d.* and 2 *s.*, on every rupee we receive in India on account of the guaranteed railways, and lose 2 *d.* on every rupee we pay in India on that account. For many years, while the payments for the construction of the lines were large, and the receipts from traffic earnings were small, the Indian treasury suffered a net loss by the transaction. But now, as the lines are being completed and as the traffic is developed, the scale is turned the other way, and a compensation in the shape of net gain may be looked for.

The grand total of Receipts stands at 48¾ millions (48,771,000 *l.*), apparently a moderate estimate The amount is less than the average of the past three years. But this does not indicate any falling off in the revenues of India. The difference less is attributable to the opium prospect, to loss of assessed taxes, and to transfer of some receipts from the Imperial sheet to local funds.

On the whole, the State income, though not otherwise than flourishing, fails to evince that elasticity and that tendency to rapid growth which we might desire to see, and which would be looked for if the requirements of progress in the expenditure are to be met. And this should inspire us with caution in attempting to relinquish any existing revenue which can be collected without contravention of established economic principles.

Let us turn next to the Expenditure side. Here we have seen an increase of 1,254,300 *l.* in civil charges. This is chiefly caused by increase in the grant for the opium department of 711,700 *l.* This arises in Bengal, from provision being made for the purchase of the yield of a full crop on a somewhat extended area; from a sanctioned enhancement of 10 per cent. on the price paid to the cultivator; and from increased advances on a still further expansion of cultivation. If this expenditure shall be fully incurred, it will fructify in increased receipts under this very important head.

There are other items of less importance in the civil branch which claim a passing notice. The decrease of 129,400 *l.* in interest on the debt is owing to the loan transactions in India, to which I shall presently advert It would have been even greater, had not some increased interest payments accrued in England. It is deemed prudent to assume the increase of 30,300 *l.* under refunds and drawbacks, because the amount paid in the year just closed has been abnormally below the average. It has been necessary to provide an increase of 56,500 *l.* under Land Revenue, by reason of the demands of some of the local governments for grants for the prosecution of surveys and settlements. The increase of 110,000 *l.* taken for forests is more than covered by the increase on the receipt side; the one largely depends on the other. The increase of 26,700 *l.* under Salt does not indicate increased establishments, but has reference to replenishing of stock at Madras and at Sambhur in Rajpootana. The increase of 10,500 *l.* under Mint provides for increased coinage on influx of bullion, and if incurred will be covered several times over by improvement on the receipt side. Of the

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increase of 96,200 *l* on the post office, 50,000 *l.* are due to circumstances affecting the payment of the subsidy in England. The remaining increase arises from certain charges relating to district posts being eliminated from the miscellaneous head and classed under the proper postal head. A similar explanation is applicable to the increase of 56,100 *l.* in minor departments; the item merely relates to transfers from the miscellaneous heading. The increase of 70,700 *l.* under law and justice arises partly from debits in Madras, on account of process serving, covered by improvement on the receipt side; partly from recasting of judicial establishments in Burma, and partly from savings having occurred in the year just closed, which cannot be reckoned on during the ensuing year. The increase of 4,200 *l.* in the ecclesiastical department is attributable to the low state of that department during the past two years, vacancies being left unfilled which may require at any moment to be filled. The increase of 44,000 *l.* in political agencies is partly owing to important negotiations respecting territorial boundaries with the Shah of Persia. The increase of 119,200 *l.* under superannuation allowances springs from the increased retirement of covenanted civil servants after the new orders concerning the annuity funds. Under existing arrangements, the Government has, in effect, to make up, at once, the capital value of the annuity of every civilian who retires. Before dealing with the capital of the funds we await the passing of an Act of Parliament. The diminution of 119,300 *l.* under the heading miscellaneous is caused entirely by transfers from this to other headings in consequence of improved classification in detail. The bulk of this item consists of 500,000 *l.*, the estimated loss by exchange on the intended drawings by the Secretary of State of 13 crores of rupees at a rate of about 1 *s.* 11 *s.* and one-eighth for the rupee. The actual loss thus incurred in 1871–72 has been 395.480 *l.*, the actual average rate of the drawings being 1 *s.* 11 *d.* The present state of the exchanges warrants us in assuming a slightly improved rate, notwithstanding the substantial increase of drawings expected. The increase of 66,900 *l.* in the allotment for provincial services, arises from the transfer to this head of several small services, such as museums, charitable grants, municipal rates, house rent, and the like.

The total army charge is set down at 15,862,000 *l*, or nearly 16 millions, showing an increase of 118,100 *l.*, which is due to expenditure for stores in England. In my last exposition I stated that the charge set down for the service within India itself at 12,410,000 *l.*, or nearly 12½ millions, was the lowest exhibited since the war of the Mutinies, and I have to-day vindicated that statement. The corresponding item in this Budget is still lower, being 12,099,700 *l.*, or just 12 millions. This, too, provides for some outstanding expenses of the Looshai Expedition, and includes 40,000 *l.* for camps of exercise held to be so necessary for military efficiency. It should be mentioned, however, that 100,000 *l.* have been transferred from the military grant to that for public works, it having been arranged that the Barrack Department shall in future be subordinate to the Public Works Department.

Notwithstanding this transfer, the grant for the public works ordinary shows a decrease of 99,300 *l.* The Council will bear in mind that the total grant of 2⅓ millions (2,332,500 *l.*) now shown is irrespective of the grants for roads and civil buildings transferred to provincial services, and comprises partly works relating to departments under the Government of India, to agricultural improvement, and to the accommodation of the army. The decrease just shown cannot be regarded with complete satisfaction, even from a financial point of view; for of late years the necessities of our position have precluded us from adequately providing for the accommodation of the troops and for military sanitation generally. Under this stress many works, which probably must be executed sooner or later, have been unavoidably deferred or suspended, to the detriment of efficiency in some degree. I wish, indeed, there were the means of increasing the provision for these works which were pointedly alluded to in my exposition of 1869; but, under the circumstances, we are not able to propose more.

The charge for guaranteed railway interest, less net traffic receipts, is set down at 1,800,000 *l.*, or 1¾ million, an amount not exceeding the charges for the past two years, but still very high. The gross payment for this interest is taken at 4,724,000 *l.*, or 4¾ millions, against which there is the set-off of 2,924,000 *l.*, or nearly three millions, traffic receipts in India (net, after allowing for working expenses), which leaves the charge above shown. In my last exposition I noticed the abatement which must be made from the credit which would otherwise attach to this great enterprise of railway communication in India. And I am still unable to present a favourable picture of the case from a financial point of view. During the year just closed there have been occasionally serious fluctuations in the traffic, necessitating immediate retrenchment of working expenses. Two lines, the Sindh Punjab and Delhi and the Eastern Bengal, suffered much destruction in their works from violent and disastrous floods, and in consequence there was grave interruption in traffic. At one time there was a marked falling off in the traffic of the line hitherto regarded as the best, namely, the East India line. Such circumstances caused anxiety, and are being especially investigated. Happily there has been a marked recovery in the traffic of this line. The Great Indian Peninsula line has been fairly successful during the year. The other lines in Southern and Western India, which were not doing very well before, have, at all events, not fallen off of late. On the whole, the conditions of the guaranteed railways during the year have added one more to the many anxieties of Indian finance. The interests which the Government has at stake in these undertakings are acquiring really vast proportions; and the result is not as yet so favourable as might be expected. The traffic, as regards both passengers and goods, is not advancing as it apparently ought to advance.

There are doubts whether the fares are such as to attract the moving and travelling masses of a poor population like that of India. There are fears that in some cases other modes of communication, by river and road, are proving competitors to the rail. The working expenses appear to be generally high; and, with so many railway companies, it becomes difficult to regulate them with uniform economy; on some lines the working expenses are proportionably too high; for all India they amount to more than four millions sterling per annum; and a difference, more or less, in this great item produces a perceptible effect on the State finance of the year. I say this not at all to disparage the great services which have been rendered to the country under the present system, but to explain the actual contingencies which beset our finance, and to reiterate what was indicated in my last exposition, namely, that no part of our State finance requires, at the present time, more firmness and vigilance than that which relates to the guaranteed railways.

Before finishing my explanation of the expenditure side, I must add that the estimate of interest on funded and unfunded debt has been favourably affected by the recent loan transactions, the circumstances of which must be briefly recounted. The five per cent. loan of 16¼ millions sterling raised in 1857-58 to defray the expenses caused by the mutiny and rebellion of 1857, became repayable at the option of the Government on the 16th January 1872: that is to say, Government had engaged not to discharge it until that date, but had reserved the power, after that date, of either discharging it at any time, or of continuing to pay the interest, the only condition being that at least three months' notice should be given of intended repayment. Considering the condition of the public credit of this country, we thought that the opportunity should be taken to reduce the 5 per cent. rate of interest, and to offer, in lieu of that rate, 4½ per cent. for seven years, and, thereafter, 4 per cent., or, failing the acceptance of that offer, to discharge the loan. Accordingly, on the 16th of September 1871, the intention of discharging the loan on expiration of the term was publicly notified to the stockholders. At the same time, an offer was made to the stockholders of transferring their holdings to a new transfer loan bearing 4½ per cent. interest for seven years, and, thenceforward, 4 per cent. Government engaged not to discharge this loan for the next ten years at least. This offer was restricted to 13½ millions out of the total amount of 16¼ millions. The residue, namely, 2¾ millions, was to be discharged absolutely by means of that portion of the cash reserve of the paper currency which was, by law, available, for investment in Government securities; and, in exchange for the coin thus paid out, there were to be issued to the currency department, at the market price of the day, Government promissory notes bearing 4 per cent. interest. In other words, the opportunity was to be taken of investing in Government securities a portion of the cash reserve of the paper currency, in strict accordance with the terms of the law, and of rendering that investment as advantageous as possible by making it assist in the substitution of a 4 per cent. for a 5 per cent. rate of interest, for a part of the national debt. This had become practicable from a combination of circumstances: the paper currency had expanded, justifying an extension of the legal limit for the investment of part of the reserve in Government securities; the cash reserve had for some time past been higher than the amount necessary by law to be kept up; and thus an opportunity was being looked for, to complete the investment up to the legal limit.

The Government offer met with general acceptance from the stockholders. The total of the stock (held partly in England and partly in India) tendered for conversion on the terms proposed, exceeded 13,500,000 *l.*, the limit fixed for the operation. But as the Government had itself tendered a quarter of a million on behalf of the currency department, it was able, by withdrawing a portion of its own tender, to satisfy every stockholder who had accepted the offer made by the Government within the time fixed. The currency investment has been duly effected in the manner above described. The loan of 16¼ millions having been thus discharged, the saving of interest during the next seven years will be 93,698 *l* per annum, and, thereafter, 161,198 *l.* per annum, besides the immediate annual gain of 109,367 *l.* arising from the investment of 2,700,000 *l.* currency reserve.

The ordinary expenditure, then, proposed for the year amounts in all to 48,534,000 *l.*, or 48½ millions. The total, though, for reasons set forth to-day, above the amount shown for the year just over (47,276,500 *l.*, or 47¼ millions), is yet low as compared with the actuals of previous years, namely,—

1870-71	- -	49,930,695 *l*, or 50 millions.
1869-70	- -	50,782,412 *l.*, or 50¾ „
1868-69	- -	52,036,722 *l.*, or 52 „
1867-68	- -	49,542,107 *l.*, or 49½ „

In other words, if these estimates shall be borne out by the actuals, we shall have got below the expenditure which prevailed five years ago, even allowing for the receipts (about 700,000 *l.*) transferred to provincial funds, and so deducted from both sides of the Imperial account, and that would probably be deemed satisfactory.

Such is the budget for 1872-73, with an income of 48,771,000 *l.*, and an ordinary expenditure of 48,534,000 *l.*, leaving a surplus of 237,000 *l*; the result may be described as equilibrium, secured by a small surplus of a quarter of a million. Doubtless the surplus is not as large as it ought to be, but we are not able, under the circumstances, to make it larger.

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Budget Estimate, 1872–73.

So much then for the income and ordinary expenditure of the year.

Besides the ordinary expenditure as above explained, there is proposed an expenditure for public works extraordinary of 2,615,000 *l.*, or 2⅝ millions, to be provided for from borrowed funds. To the general character of these works I have already adverted to-day.

According to the form prescribed for the financial statement, it will be seen that the addition of this amount brings up the total of ordinary and extraordinary expenditure to 51,149,000 *l.*, or nearly 51¼ millions.

I must now ask the Council to revert to the item of assessed taxes. The amount set down (570,000 *l.*) shows a decrease of 254,600 *l.* as compared with the previous year. From the explanation already given to-day, it will be apparent that last year's receipts were swollen by arrear collections, which will not recur. The present moderate figure, over half a million, is assumed in consequence of the proposal which I have now to make on behalf of the Government of India, that the light income tax, which was imposed for the year 1871–72 just expired, be re-imposed, with certain modifications, for the new year 1872–73. I have accordingly to ask leave to introduce a bill into this Council for that purpose. The measure is, manifestly, indispensable, because, without it, there would be a deficit in the budget, a position which we could not contemplate so long as any fair alternative remained to us. The rate of assessment is proposed to be the same as that prescribed for the last year, namely, two pies in the rupee, or a fraction over one per cent. This rate is, as explained on previous occasions, the lowest at which the tax could be levied, if retained at all.

The proposed modification above alluded to is this: last year, it will be recollected, that the minimum income liable to assessment was raised from 500 rupees to 750 rupees per annum, in other words, incomes below 750 rupees a year were exempted. It is now proposed to raise the minimum to 1,000 rupees per annum; in other words, to exempt incomes below 1,000 rupees a year. Last year, the number of persons liable to assessment was, by altering the minimum, reduced from 480,000 to 240,000. By the further alteration now proposed, the number will probably be further reduced to 180,000. The first named exemption caused an estimated sacrifice of 150 000 *l.* The exemption now proposed will involve a further estimated sacrifice of 63,000 *l.* We were glad last year to be able to propose so large an exemption. We have further satisfaction in being able to propose an additional exemption now.

The unfavourable reports in respect to the working of the tax received from some parts of India have been duly considered, and suitable orders have been issued to prevent any just cause of complaint arising. From some parts of India, however, the reports have been favourable; and in many parts there is an absence of complaints. Our general conclusion is, that whatever trouble may have existed, has been mostly removed by the exemption of a large number of the tax payers, and by the reduction of the rate. Whatever remnant of complaint may still exist, will, it is hoped, be effectually removed by exempting incomes below 1,000 rupees per annum. No poor or needy class would then be subject to the tax, which will be unquestionably what it was always intended to be, a tax on classes in comparatively easy circumstances.

With all its drawbacks, the measure has done right good service to the finances. From 1860 up to the present time, it has, in various shapes, yielded 13½ millions to the exchequer. If our finances, one year taken with another, on a series of years, shall be found now to occupy a strong position, the tax has borne a creditable part in producing that result.

During our earlier deliberations regarding the budget, in January last, it was under discussion whether it would not be desirable to re-impose the tax on this occasion in combination with reductions of other taxation, either for the advantage of the mass of the people or for the remedy of politico-economic defects in our fiscal system. A mature and complete consideration of these important and complicated questions has, however, been impracticable under existing circumstances, and the Government have felt that, in order to be just and satisfactory, the discussion of changes which may still be regarded as desirable must be reserved for a subsequent period.

In the course which is now being adopted we have the express concurrence of the Secretary of State.

While proposing the re-imposition of the income tax for one year, we are unable to afford any indication as to whether the income tax should or should not, in the future, be made an integral part of our fiscal system.

The remarks made by the late Governor General, Lord Mayo, in the budget debate of last year, seem applicable to the present occasion. He then said,—

> "We do not offer any opinion whether it" (the income tax) "ought or ought not to be continued as a permanent part of our fiscal system. . . . The Government and this Council ought to have an opportunity of fully considering the claims for relief of some other interests which may be considered as competing with the income tax in regard to the reduction of burden."

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From this explanation of the receipts and charges of the year, I pass on to the fourth and last division of the subject, namely, ways and means and the cash balance account.

The original estimate for 1871–72 showed the anticipation of a cash balance on the 31st

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March 1872 of 15,121,251 *l.*, or 15 millions, in India, and of 2,125,283 *l.*, or 2¼ millions, in England; the total being 17,246, 534 *l.*, or 17¼ millions. This sum was the balancing item at the end of a vast estimate embracing many and various things besides the regular finance of Government. It is now, however, expected that the amount will be 24,346,015 *l.*, or 24¼ millions (being seven millions in excess of the original estimate), of which 21,640,143 *l.*, or 21⅝ millions, will be in India, and 2,705,872 *l.*, or 2¾ millions in England. This again is an entry in the balancing of a great estimate, and is liable to disturbance. It is, however, checked by facts of the actual balances at the principal treasuries, up to recent dates, and it will probably be found nearly correct. I shall, therefore, explain briefly the difference of 7,099,481 *l.*, or seven million pounds, between the original and the final estimate. In the first place the opening balance was better than estimate by 2,102,381 *l.*, of which 1,293,689 *l.*, or 1¼ millions, arose in England, owing to the Secretary of State having raised money for the home requirements earlier than was expected. The remainder, namely three-quarters of a million in India, is owing to the improvement already explained of the actual account as compared with the regular estimate, and to other minor causes.

Then the surplus on the ordinary account of the year is now estimated, as already set forth, to be 2,606,600 *l.*, or 2½ millions more than the small surplus originally estimated, and the extraordinary expenditure is expected to be 1,889,200 *l.*, or nearly two millions less than had been estimated.

The result of the account of the Secretary of State's bills is more favourable than estimate by 759,100 *l.*, or three quarters of a million; this large sum remaining yet to be paid in India, though already received and credited in England, and included in the cash balance there.

The net amount borrowed during the year appears to be 278,500 *l.* more than estimate, notwithstanding that the Secretary of State raised, in 1871–72, one million (1,086,600 *l.*) less than was expected. The apparent excess upon the whole account, notwithstanding this decrease, is due to a large amount of the 5 per cent. loan of 1856–57 (more than 1,300,000 *l.*) remaining as yet unpaid to our creditors, and awaiting application for payment, though the amount has been transferred to the treasury from the currency department, as already explained.

These various causes account for a gross improvement in the balance of 7½ millions. On the other hand, we have received 569,000 *l.*, or half a million less railway capital than was expected. Thus, the net improvement of seven millions sterling is fully explained.

The cash balances, which we expected to be high, have proved to be higher still. When the estimate was first put forth, the amount was held by some to be too high. In answer to criticism to the above effect, I stated in debate, before this Council, in March, 1871:—

"The matter is one of discretion in a large degree, and on consideration of all our requirements and liabilities for the coming year, I beg to assure the Council that the present amount of cash balances is not otherwise than satisfactory."

These anticipations have been amply justified by the experience of the year just closed. In my last exposition it was stated expressly: "We duly bear in mind the amounts of the loans bearing interest at 5 per cent. during the coming year."

Accordingly, we did, in September last, proceed to deal with this portion of the public debt, amounting to 16½ millions, in the manner described already to-day. If ever there was an occasion when the cash balances ought to have been exceptionally high, it was this. The total cash in the treasuries, even at that time of the year when the amount is usually at its lowest point, amounted to 16 millions, with, practically, a certainty of increase by January, when the period of discharge would mature. The possession of such a resource immediately available, facilitated the execution of a measure profitable to the State. It is true that the maintenance of such high balances did cause some cost to the State, appreciable indeed, though hard of exact estimation. But that is vastly exceeded, on the other hand, by the advantage derived from the strong position of the treasury and the high credit arising thereby.

Again, the loss to the public interest, caused by the maintenance of an extraordinarily high cash balance, cannot have been at all as great as seems to have been supposed by many, or must have been out-weighed by positive advantages. Objections have often been raised which, if I apprehend aright, appear to amount to this, that these large sums of money have been lying either unemployed, or inadequately employed. There might be some force in objections of this sort if the money were in the treasury vaults, as it used to be under the old system. But under the new system, as is well known, a large part of these balances is deposited in the three Presidency banks, and the banks must naturally have had the use of the money for the benefit and convenience of the public. Regarding the character and extent of this advantage opinions may differ, but that there has been great accommodation hereby afforded to trade is unquestionable. And this has been repeatedly admitted by persons versed in the affairs of the money market.

This circumstance is not at all adduced as a reason, *per se*, for keeping up a high balance. All I say is this, that a high balance having, for a time, become necessary for State purposes, we have so managed that the balance should not, meanwhile, lie idle and infructuous, but should subserve indirectly the legitimate interests of commerce.

The new official year thus commences with a total estimated balance (England and India) of

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of 24¼ millions, as just seen, of which, if the Estimates shall prove correct, 4¼ millions may be regarded as due to the accumulated surplus income of the two years 1870–71 and 1871–72. The Estimate for the close of the year may be contrasted as follows:—

—	31st March 1872.	31st March 1873.
	£.	£.
England - - - - - -	2,705,872	2,089,672
India - - - - - -	21,640,143	17,541,543
Total - - - £.	24,346,015	19,631,215

The estimated balance in India of 21,640,143 *l.*, or 21½ millions, at the beginning of the new year, is an amount almost unprecedented. This condition will not continue long, nor, indeed, ought it to continue.

By the end of the year, that is on the 31st March 1873, the amount in India, anticipated by Estimate, stands at 17,541,543 *l.*, or 17½ millions. This sum, if it shall be realised, will be more than sufficient for the standard of our ordinary expenditure. But it would be premature to consider this until we are more sure than we can be now of really possessing the money. It might, perhaps, be possible, the cash balances continuing high, to carry on the extraordinary expenditure after the close of 1872–73 without borrowing; and, that, indeed, would be a happy result.

We have provided, as has just been seen, for an extraordinary expenditure of 2,615,000 *l.* to be defrayed from loan funds; and, for all this, there is no loan to be raised either in England or in India during the year. The expenditure therefore is to be met from the existing loan funds which are included in the cash balance. And the funds in hand are sufficient. For, one of the estimates appended to my last exposition showed a probable unexpended amount of 2,591,438 *l.* of loan money at the end of 1870–71, to be carried to account for 1871–72. The actual account of loan money spent in 1870–71, which is appended to the present statement, raises this amount to 3,149,225 *l.* During the year 1871–72 the Secretary of State has borrowed 1,408,400 *l.* or 1½ millions in England, which, together with the balance from former years and some minor receipts detailed in the Appendix, makes up 4,580,685 *l.*, or 4½ millions. Against this there has been an extraordinary expenditure (according to latest estimate) of 1,932,500 *l.*, or 2 millions, leaving 2,648,185 *l.* or 2½ millions in hand. This last-named sum represents the funds available for the extraordinary expenditure of the new year 1872–73, as above shown.

There seems, occasionally, to have been an apprehension in some quarters that money ostensibly borrowed for extraordinary public works of a directly remunerative character, would really be used for the ways and means of ordinary finance. The observations on this point in my expositions of April 1870 and March 1871 were intended to correct any such apprehension, if it really existed, and to show that since 1869–70, when the system fairly begun, we have acknowledged all the moneys thus borrowed to be a debt due to the Public Works Department, which the Treasury is bound to pay. Last year I exhibited an abstract account of these transactions, and a further account will be found among the Appendices to-day. The substance of the explanation is that (subject to corrections of latest estimate) there have been borrowed up to date since 1869–70, 11,207,307 *l.*, or 11¼ millions (including the Elphinstone land loan), of which 5,504,224 *l.*, or 5½ millions, have been expended on public works extraordinary, and 3,054,898 *l.*, or 3 millions, have been lent to municipal and other public corporations (including the Elphinstone land advance), leaving 2,648,185 *l.*, or 2½ millions, in hand for these works, and for loans of the same character, in the year just beginning. There is to be no borrowing in the year; the amount in hand will suffice to cover the extraordinary expenditure of 2,615,000 *l.* proposed for the year, and may, indeed, leave a small margin. But then the advances made to municipalities must be borne in mind. We cannot say at present how much will be required in 1872–73 on this account, but the amount is likely to be not inconsiderable. Calcutta is borrowing for a market place and for the extension of its drainage works, and Bombay for its immediate municipal necessities. Upon the whole, it seems likely that by the end of 1872–73 all the loan money in hand will have been paid away.

The fulfilment by the general treasury of the obligations springing from these affairs is regarded by us as most important.

If it be thought that money has been sometimes borrowed too long beforehand, and that the provision of funds has anticipated the expenditure, then it might be said, in answer, that there are times and seasons for borrowing, and that money must be taken up when it can be most advantageously obtained. And these points have, doubtless, been well determined by the authorities in England, where the money has been chiefly borrowed. At this time, after comparing the sum total raised with the sum total expended, there remains

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in hand no more than enough to defray the proposed expenditure on these works in the new year, and to cover the advances to be made to municipalities.

The Bill which was adverted to in my last exposition to enable municipalities to contract financial obligations without legal question, and to practically prevent them from borrowing from any party save the State, has passed into law.

If, notwithstanding these considerations, the anticipated amount of cash balance were yet regarded as too large, I should rejoin further that the exchequer still owes a considerable sum on the capital account with the guaranteed railways. It may be observed that 93½ millions of railway capital have been, or are to be, raised up to the end of 1871–72. This is to be counterbalanced by expenditure in England on account of the guaranteed railways, or by the payments for the construction of the lines in India. These taken together will, by the end of 1871–72, amount to 90 millions, leaving a debt due by the Indian treasury on this account of 3½ millions. This will be cleared off in due course, but the circumstance suggests carefulness, so as to maintain the cash balances in a strong and satisfactory condition.

Such, then, is my explanation of the cash balances, and I maintain that, if regard be had to the liabilities of the treasury, in respect of the borrowed funds in hand for public works, of the unexpended railway capital, of the Secretary of State's bills outstanding in respect of the assets of the local funds and provincial services, of the various deposits received under many laws and various circumstances, and in respect of the absolute avoidance of borrowing for ordinary service of the State, then the amount will be found satisfactorily high, though not too high.

In adverting to the main heads of the general cash account I will not repeat the general description given in previous expositions, which description is applicable to the accounts both in England and India given among the Appendices to-day. It will be most convenient to summarise the total figures of the two accounts in England and India taken together, as the one so much depends on the other. Suffice it to state that on the receipt side, besides the opening balance of 24½ millions and the Government income of 48¾ millions, as shown to-day, there are railway traffic receipts, recoveries and deposits, local funds, and receipts on remittance or suspense account, which bring up the total to 133,500,015 *l.*, or or 133½ millions. On the payment side, besides the Government expenditure, ordinary and extraordinary, of 51 millions, as shown to-day, there are railway working expenses, advances recoverable, deposits to be repaid, sums payable on bills drawn by the Secretary of State, disbursements for construction of railways in India, and some transfer entries, which bring up the total to 115 millions. This deducted from the total on the receipt side leaves the anticipated sum of 19,631,215 *l.*, or 19½ millions, already mentioned as the probable balance at close of the year, that is, on the 31st March 1873.

The Appendix shows, in separate columns, an abstract of the cash account kept by the Secretary of State in London on account of India. On the receipt side there is the opening balance of 2¾ millions (2,705,812 *l.*); the amount to be received on bills of exchange drawn on India is set down at 13 millions; there will be 2,146,700 *l.*, or more than 2 millions railway capital subscribed; all which, together with some smaller items, make up a total of 18 millions (18,110,472 *l.*) On the payment side there will be an expenditure in England on account of India of 13¼ millions (13,327,000 *l.*); there will be 1¼ million (1,160,400 *l.*) paid on the remittance account, and there will be 1½ million (1,526,400 *l.*) of withdrawals of railway capital. These, together with some smaller items, make up a total of 16 millions (16,021,800 *l.*), which, deducted from the total on the receipt side, leaves a probable closing balance on 31st March 1873 of 2 millions (2,089,672 *l.*), which amount appears to be moderate.

In the cash accounts thus summarised there are only two points which need be selected for remark; they are, the income from local funds, and the Secretary of State's bills.

The income of the local funds was in my exposition for 1871–72, set down at 4,028,473 *l.*, or 4 millions for all India. To this was to be added whatever might be received from special taxation which was then being devised by the several local governments. Since that time the contemplated measures have been legally authorised and carried out in the various provinces of British India. In Bengal the bill for the road cess has passed into law, but the levy has not yet commenced. The future yield is not yet known, but is calculated at 84,000 *l.* per annum at present, with prospect of increase.

In the North Western Provinces there is an acreage tax in permanently settled districts, and a 5 per cent. cess on annual value in temporarily settled districts, estimated to yield 211,000 *l.* per annum.

In the Punjab and Oudh there are Acts for levying rates on land, estimated to yield 132,000 *l.* and 31,000 *l.* per annum respectively.

In the Madras Presidency there are the Towns Improvement Act and the Local Funds Act, which seem calculated to yield in all 235,000 *l.* per annum.

In the Bombay Presidency there are Acts for taxing non-agricultural classes, and for a new police rate, estimated to yield 61,000 *l.* per annum.

The receipts from all these local sources during the broken periods of the year just closed, the first year of their introduction, have not yet been fully returned; indeed, time hardly yet admits of such a return being complete, but the total appears to be 754,000 *l.*, or three-quarters of a million. The greater part falls on the land, and a small part only on trades and professions. The figure is, however, approximate, and is subject to correction hereafter. In this way the latest revised estimate for the year raises the total from 4 millions

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to 4¾ millions, or 4,782,473 *l.* This statement may not be fully complete, but in so far as it is complete it represents the aggregate of local taxation in British India. And certainly the amount does not seem excessive, as compared with the population and resources of the country, and with the State income.

As regards the bills to be drawn on India by the Secretary of State, the total has been seen in the cash account to amount to 13 millions sterling for the year 1872–73. The loss by exchange on these operations is set down in the budget estimate at 500,000 *l.* In other words, England is, during the year, to draw 13 millions from India, and the charge upon India for that operation is expected to amount to half a million. Thus India has to pay 13½ millions in all. The amount, though serious, can be well accounted for, and can be discharged without embarrassment in the present state of the cash balances in India. It arises in this way. The expenditure, ordinary, in England on account of the Government of India is estimated at 8,236,800 *l.*, or 8¼ millions; extraordinary (chiefly stores), for works in progress in India, at 410,200 *l.*, or nearly half a million, the guaranteed railway interest at 4,680,000 *l.*, or 4¾ millions. These three items make up the 13¼ millions, or 13,327,000 *l.* And, inasmuch as there is to be no money borrowed, and as the railway capital paid up during the year, 2,146,700 *l.* is, for the most part, to be "withdrawn," that is, expended in England on account of the Indian railways, it follows that there is no resource but to draw on India for 13 millions.

The 13 millions for 1872–73 represent the largest sum ever yet set down on this account. The average yearly sum during the previous five years amounted to 5,666,849 *l.*, or 5½ millions, and that for the preceding five years to 6,114,083 *l.*, or upwards of six millions. One cause of the increase is, of course, the growth of the expenditure. Another cause is this, that, for several years, large sums (amounting to several millions yearly) of railway capital were paid in by the guaranteed companies in England. These sums were for the construction of the railways in India, and India repaid the debt by advances for the works on the spot. The arrangement *pro tanto* lessened the amount to be drawn by England on India. At this time, however, the works are approaching completion, and the capital subscriptions in England are becoming less and less. A further cause of increase is this, that the borrowings for Indian public works extraordinary, have been effected in England. The receipt of loan money there has, proportionably, lessened the amount to be drawn from India by bills. This year, however, there is to be no borrowing in England, and the amount receivable from India is not diminished by that reason. Lastly, in the three years 1867–70, a net sum of 5,812,728 *l.* (5¾ millions) was received at the home treasury, from Her Majesty's Government, in repayment of advances made in India for the Abyssinian expedition, and, to this extent, the Secretary of State's bills on India were reduced in those years. But, however complete the explanation may be, there remains the fact of the very large sum to be drawn from India, a politico-economic fact of some gravity, in relation to exchange and to trade. There is neither space nor time for entering on the subject on this occasion; but the circumstances cause special interest to attach to the returns of the export trade of British India. If the country is to continue satisfactorily to bear these annual drawings of money by England, she must look more and more to disposing of her products to other nations, and to obtaining thereby the resources which can alone enable her to make the annual payments in England, without monetary or other derangement within her own limits

Before concluding I must touch on some few matters connected with finance.

Conclusion.

The Government savings banks of all kinds (including those at the Presidencies, in the districts, and in regiments) have now 35,600 depositors, and 1,126,772 *l.*, or near 1⅛ million of deposits. The figures, if not absolutely large as yet, are annually increasing. The new district savings banks in the interior of the Bengal Presidency have, within the past year, increased from 49 to 92 in number, the number of depositors up to recent date being 2,300, and the deposits amounting to 40,374 *l.* These are only beginnings; but they will grow.

There are now 362 money order offices in British India, the number of orders issued were, in 1870–71, 242,700; amounting in value to 1,300,600 *l.*, or 1⅓ million. These figures are the highest yet attained. The arrangements for a money order system between India and England (so long delayed) are now nearly complete, and will, I hope, soon be announced.

The paper currency has been already adverted to in a former part of this exposition. It will suffice to add that some effect has been given to the arrangements promulgated last year for establishing currency agencies at the district treasuries in the interior, in addition to the previously existing offices of issue. Some 27 of these agencies have been set on foot, and more are in contemplation. In all they have had consigned to them notes to the value of a quarter of a million sterling. This, too, is a commencement, and further development is hoped for. It is matter for regret that the new 5 rupee notes have not yet been received from England.

The loan operations explained to-day have simplified the classification of the national debt of India, which may now be abstracted as follows: There are 10½ millions (10,663,600 *l.*) bearing 5½ per cent. interest, raised in the troublous times consequent on the

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the war of the Mutinies. This loan will not be repayable, under its conditions, until 1879, at which time there will accrue to Government an option of repaying. There is more than one million at 5 per cent. (1,100,000 *l.*) This is made up of debentures (for periods of 10 and 15 years) issued in 1867–68 to raise money for public works. There are 16 millions (16,033,650 *l.*) at 4½ per cent.; this includes the large item to which I have just been referring, and which, after seven years, is to bear only 4 per cent. It also includes the loan received from Maharaja Holkar and some remnant of former loans. The next item consists of 36¾ millions (36,778,775 *l.*) bearing 4 per cent. interest. This is a consolidated head, comprising the loans raised up to 1832, commonly called "the sicca fours," the loans raised in 1842, and in subsequent years up to 1854, and the loans of 1869, one received from the Maharaja of Patiála and the other raised in open market. There is a small item of 67,900 *l.* at 3½ per cent. Besides these rupee loans in India, there are the loans raised in England bearing 4 and 5 per cent. interest (departmentally called the "sterling" loans, the amounts being expressed, and the interest payable, in pounds sterling). These now amount to 39 millions (39,036,017 *l.*) of which 22,200,000 *l.* bear interest at 5 per cent., and the rest, except a petty sum of 20,917 *l.* on which no interest is paid, bear interest at 4 per cent. They have been chiefly, though not entirely, raised at various times since the war of the Mutinies in 1857. Thus, of the grand total of 104 millions of "rupee" and "sterling" loans, no less than 54 millions already bear 4 per cent. interest, and 16 millions now ot 4½, of which the greater part will bear only 4 per cent. after brief terms of years. Thirty-four millions are bearing a higher rate, and we are only prevented from dealing with these with a view to reduction of interest, by the obligatory conditions on which they were raised. The figures just given do not include the 6,299,700 *l.* East India Stock, for the redemption of which a guarantee fund is accumulating.

Now, inasmuch as the 4 per cent. stock in England and India has, during the year, commanded higher prices than ever, generally as much as 98 and 99 for 100 pounds or rupees, and has sometimes reached, even slightly exceeded, par, it would seem that the credit of the Government of India in the money market may be measured by a rate of something less than 4¼ per cent. On the whole, the public credit of British India has never at any period been in a more satisfactory position than during the year just closed.

I shall finish this exposition by summarising its chief points. It has been shown, then,—

That for 1870–71 there is an actual surplus of 1,482,990 *l.* or 1½ million of income over ordinary expenditure, chiefly owing to increment of opium receipts;

That, however, without this increment, there is still a moderate surplus owing to other and more normal causes;

That, for 1871–72, there is an estimated surplus of 2,700,000 *l.*, or 2¾ millions of income over ordinary expenditure, of which three-fourths are attributable to increase of opium receipts, and one-fourth to ordinary management of the finances;

That the ordinary expenditure has been reduced to a point lower than any which has been seen during the past five years;

That for 1872–73, there is estimated an equilibrium between income and ordinary expenditure, supported by a small surplus of 237,000 *l.*, or one quarter of a million;

That the Income Tax Act for 1871–72 having expired on the 31st of March 1871, its reimposition is proposed for 1872–73, at the same rate as before, namely a fraction above 1 per cent., but with the exemption of incomes between 750 rupees and 1,000 rupees per annum, causing the release of 60,000 tax-payers, and a sacrifice of only 63,000 *l.* of revenue;

That the concession of increased financial control to the several local governments, in respect to certain provincial services, is working well, apparently affording satisfaction to the local authorities, and fostering a spirit of economy in administration;

That in addition to the previously existing local funds, fresh provincial taxation has been imposed in the various provinces of India, probably amounting in the aggregate to 750,000 *l.* per annum;

That, at the commencement of 1872–73, there remained upwards of 2½ millions in hand of money borrowed for public works extraordinary, after deducting expenditure and advances on these works up to date;

That it is proposed to meet 2½ millions of expenditure on these works, during 1872–73, without borrowing either in England or India;

That the cash balances in India, estimated at 21½ millions on 31st March 1872, are satisfactorily large, though not too high for the requirements of the country, present and prospective;

That the Indian Treasury is to meet 13 crores of bills to be drawn by the Secretary of State in England upon India during 1872–73;

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That the rate of interest on 13½ millions of the national debt has been reduced from 5 per cent. to 4½ for seven years, and thereafter to 4 per cent., and that 2¾ millions have been discharged;

That the investment of the specie reserve of the paper currency has been completed nearly up to the legal limit of 6 millions sterling;

That the establishment of district savings banks is gradually, but surely, extending in the interior of the country.

I must now conclude this exposition. In previous expositions I have dwelt on the principles which have guided our financial policy. There is now nothing to be added thereto. I can only say that, throughout the past year, those principles have been followed, and have on this occasion, with your Lordship's support, been firmly maintained. And, certainly, a retrospect of results should encourage us to persevere in our present course. For the ordinary finance is in a condition of surplus; expenditure is kept within limits; the treasury is full; and the State credit is high, higher, perhaps, than it has ever been. But, though something has been accomplished, still much remains for accomplishment in the way of fiscal and economic improvement. And that should serve as a further incentive for perseverance.

STATEMENTS.

ENGLAND AND INDIA.—Budget Estimate, 1872-73.

Revenues and Receipts.	Actuals, 1870-71.	Budget Estimate, 1871-72.	Regular Estimate, 1871-72.	Increase.	Decrease.	Budget Estimate, 1872-73.	Budget compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue - -	20,622,823	20,709,700	20,567,000	- -	142,700	20,900,000	+ 333,000
II.—Tributes and contributions from N. States.	719,421	730,100	756,000	25,900	- -	728,000	— 28,000
III.—Forest - - - -	453,442	573,400	426,600	- -	146,800	581,000	+ 154,400
IV.—Excise on Spirits and Drugs.	2,374,465	2,351,100	2,361,700	10,600	- -	2,236,000	— 125,700
V.—Assessed Taxes - -	2,072,025	600,000	824,600	224,600	- -	570,000	— 254,600
VI.—Customs - - -	2,610,789	2,556,800	2,560,200	3,400	- -	2,570,000	+ 9,800
VII.—Salt - - - -	6,106,280	6,190,000	5,996,200	- -	193,800	6,103,000	+ 106,800
VIII.—Opium - - - -	8,045,459	8,038,500	9,253,400	1,214,900	- -	7,700,000	— 1,553,400
IX.—Stamps - - - -	2,510,316	2,542,100	2,496,000	- -	46,100	2,500,000	+ 4,000
X.—Mint - - - -	33,400	40,600	90,600	50,000	- -	160,000	+ 69,400
XI.—Post Office - - -	805,235	865.600	803,700	- -	61,900	786,000	— 17,700
XII.—Telegraph - - -	247,010	245,600	235,600	- -	10,000	249,000	+ 13,400
XIII.—Law and Justice - -	746,898	466,600	377,000	- -	89,600	408,000	+ 31,000
Police - - - -	270,971	—	—	—	—	—	—
XIV.—Marine - - - -	333,145	237,900	196,500	- -	41,400	192,000	— 4,500
Education - - -	61,610	—	—	—	—	—	—
XV.—Interest - - - -	341,001	339,900	364,000	24,100	- -	466,000	+ 102,000
XVI.—Miscellaneous - -	1,181,668	928,300	970,100	41,800	- -	932,000	— 38,100
Total - - - £.	49,535,958	47,416,200	48,279,200	863,000	- -	47,081,000	— 1,198,200
Army - - - - - -	962,148	819,000	883,300	64,300	- -	889,000	+ 5,700
Public Works, Ordinary - -	119,134	109,900	84,700	- -	25,200	48,000	— 36,700
Public Works, Irrigation - -	485,537	496,300	470,600	- -	25,700	482,000	+ 11,400
Railways - - - - - -	310,908	257,500	258,700	1,200	- -	271,000	+ 12,300
Total - - - £.	51,413,685	49,098,900	49,976,500	877,600	- -	48,771,000	— 1,205,500
Deficit, including Public Works, Extraordinary - - -	- -	3,532,600	- -	- -	- -	2,378,000	—

Fort William, Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

STATEMENTS.

ENGLAND AND INDIA.—BUDGET ESTIMATE, 1872–73.

EXPENDITURE.	Actuals, 1870–71.	Budget Estimate, 1871–72.	Regular Estimate, 1871–72.	Increase.	Decrease.	Budget Estimate, 1872–73.	Budget compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	5,309,654	5,372,000	5,473,400	101,400	- -	5,344,000	— 129,400
2.—Interest on Service Funds and other Accounts.	530,491	528,100	494,500	- -	33,600	527,000	+ 32,500
3.—Refunds and Drawbacks -	356,431	336,000	286,700	- -	49,300	317,000	+ 30,300
4.—Land Revenue - - -	2,422,856	2,530,600	2,440,500	- -	90,100	2,497,000	+ 56,500
5.—Forest - - - - -	373,349	451,100	335,000	- -	116,100	445,000	+ 110,000
6.—Excise on Spirits and Drugs	293,477	294,700	135,200	- -	159,500	147,000	+ 11,800
7.—Assessed Taxes - - -	43,991	43,400	30,600	- -	12,800	31,000	+ 400
8.—Customs - - - -	186,991	193,400	184,900	- -	8,500	189,000	+ 4,100
9.—Salt - - - - - -	389,964	462,700	462,300	- -	400	489,000	+ 26,700
10.—Opium - - - - -	2,014,425	2,102,900	1,611,300	- -	491,600	2,323,000	+ 711,700
11.—Stamps and Stationery -	322,521	255,500	104,600	- -	150,900	87,000	— 17,600
12.—Mint - - - - - -	66,259	71,700	78,500	6,800	- -	89,000	+ 10,500
13.—Post Office - - - -	754,940	755,100	651,800	- -	103,300	748,000	+ 96,200
14.—Telegraph - - - - -	482,545	515,500	467,100	- -	48,400	483,000	+ 15,900
15.—Administration - - -	1,360,171	1,437,200	1,519,400	82,200	- -	1,530,000	+ 10,600
16.—Minor Departments - - -	212,897	235,600	221,900	- -	13,700	278,000	+ 56,100
17.—Law and Justice - - -	2,996,190	2,427,100	2,297,300	- -	129,800	2,368,000	+ 70,700
Police - - - - -	2,275,335	—	—	—	—	—	—
18.—Marine - - - - -	759,770	777,800	606,900	- -	170,900	639,000	+ 32,100
Education - - - - -	624,690	—	—	—	—	—	—
19.—Ecclesiastical - - -	153,544	164,900	156,800	- -	8,100	161,000	+ 4,200
20.—Medical Services - -	523,486	170,400	175,800	5,400	- -	178,000	+ 2,200
Printing - - - - -	200,867	—	—	—	—	—	—
21.—Political Agencies - -	352,966	299,900	303,000	3,100	- -	347,000	+ 44,000
22.—Allowances and Assignments under Treaties and Engagements.	1,756,973	1,720,800	1,722,000	1,200	- -	1,730,000	+ 8,000
23.—Superannuation, Retired and Compassionate Allowances.	1,450,763	1,425,700	1,450,800	25,100	- -	1,570,000	+ 119,200
24.—Miscellaneous - - - -	1,391,089	1,192,700	1,084,300	- -	108,400	965,000	— 119,300
25.—Allotment for Provincial Services.	200,000	4,799,300	4,851,100	51,800	- -	4,918,000	+ 66,900
Total Civil - - - £.	27,807,235	28,564,100	27,145,700	- -	1,418,400	28,400,000	+ 1,254,300
Army - - - - - -	16,074,799	15,984,000	15,743,900	- -	240,100	15,862,000	+ 118,100
Public Works, Ordinary - - -	3,945,967	2,365,000	2,431,300	66,300	- -	2,332,000	— 99,300
Railways - - - - - -	267,883	235,500	134,200	- -	101,300	140,000	+ 5,800
Guaranteed Interest on Railway Capital, less Net Traffic Receipts.*	1,834,811	1,856,900	1,821,400	- -	35,500	1,800,000	— 21,400
Total Ordinary - - - £.	49,930,695	49,005,500	47,276,500	- -	1,729,000	48,534,000	+ 1,257,500
Public Works, Extraordinary -	1,167,810	3,626,000	1,736,800	- -	1,889,200	2,615,000	+ 878,200
TOTAL - - - £.	51,098,505	52,631,500	49,013,300	- -	3,618,200	51,149,000	+ 2,135,700
Surplus, excluding Public Works, Extraordinary.	1,482,990	93,400	2,700,000	- -	- -	237,000	—
Surplus, including Public Works, Extraordinary.	315,180	- -	963,200	—	—	—	—
Guaranteed Interest* - - -	4,391,592	4,638,600	4,592,600	- -	- -	4,724,000	—
Net Traffic Receipts - - -	2,556,781	2,781,700	2,771,200	- -	- -	2,924,000	—
Guaranteed Interest, less Net Traffic Receipts - - -	1,834,811	1,856,900	1,821,400	- -	- -	1,800,000	—

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

INDIA.—BUDGET ESTIMATE, 1872–73.

RECEIPTS.	Actuals, 1870–71.	Budget Estimate, 1871–72.	Regular Estimate, 1871–72.	Increase.	Decrease.	Budget Estimate, 1872–73.	Budget compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue - -	20,622,823	20,709,700	20,567,000	- -	142,700	20,900,000	+ 333,000
II.—Tributes and Contributions from Native States.	719,421	730,100	756,000	25,900	- -	728,000	— 28,000
III.—Forest - - - -	453,442	573,400	426,600	- -	146,800	581,000	+ 154,400
IV.—Excise on Spirits and Drugs.	2,374,465	2,351,100	2,361,700	10,600	- -	2,236,000	— 125,700
V.—Assessed Taxes - -	2,072,025	600,000	824,600	224,600	- -	570,000	— 254,600
VI.—Customs - - -	2,610,789	2,556,800	2,560,200	3,400	- -	2,570,000	+ 9,800
VII.—Salt - - - -	6,106,280	6,190,000	5,996,200	- -	193,800	6,103,000	+ 106,800
VIII.—Opium - - - -	8,045,459	8,038,500	9,253,400	1,214,900	- -	7,700,000	—1,553,400
IX.—Stamps - - - -	2,510,316	2,542,100	2,496,000	- -	46,100	2,500,000	+ 4,000
X.—Mint - - - -	33,400	40,600	90,600	50,000	- -	160,000	+ 69,400
XI.—Post Office - - -	805,235	865,600	803,700	- -	61,900	786,000	— 17,700
XII.—Telegraphs - - -	227,402	213,600	212,700	- -	900	236,000	+ 23,300
XIII.—Law and Justice - -	746,898	466,600	377,000	- -	89,600	408,000	+ 31,000
Police - - - -	270,971	—	—	—	—	—	—
XIV.—Marine - - - -	333,145	237,900	194,600	- -	43,300	192,000	— 2,600
Education - - -	61,610	—	—	—	—	—	—
XV.—Interest - - - -	297,715	309,900	333,000	23,100	- -	451,000	+ 118,000
XVI.—Miscellaneous - -	1,084,829	841,300	866,300	25,000	- -	828,200	— 38,100
	49,376,225	47,267,200	48,119,600	852,400	- -	46,949,200	—1,170,400
Army - - - - - -	943,685	805,000	860,800	55,800	- -	839,900	— 20,900
Public Works, Ordinary - -	119,134	109,900	84,700	- -	25,200	48,000	— 36,700
Public Works, Irrigation - -	485,537	496,300	470,600	- -	25,700	482,000	+ 11,400
Railways - - - - - -	310,908	257,500	258,700	1,200	- -	271,000	+ 12,300
TOTAL - - - £.	51,235,489	48,935,900	49,794,400	858,500	- -	48,590,100	— 1,204,300

Fort William. Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

INDIA.—Budget Estimate, 1872-73.

Expenditure.	Actuals, 1870-71.	Budget Estimate, 1871-72.	Regular Estimate, 1871-72.	Increase.	Decrease.	Budget Estimate, 1872-73.	Budget compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	2,960,130	2,942,300	3,036,400	94,100	- -	2,875,100	—161,300
2.—Ditto Service Funds, &c. -	530,491	528,100	494,500	- -	33,600	527,000	+32,500
3.—Refunds and Drawbacks -	356,431	336,000	286,700	- -	49,300	317,000	+30,300
4.—Land Revenue - - -	2,422,856	2,530,600	2,440,500	- -	90,100	2,497,000	+56,500
5.—Forest - - - -	373,349	451,100	335,000	- -	116,100	445,000	+110,000
6.—Excise on Spirits and Drugs	293,477	294,700	135,200	- -	159,500	147,000	+11,800
7.—Assessed Taxes - - -	43,991	43,400	30,600	- -	12,800	31,000	+400
8.—Customs - - - -	186,991	193,400	184,900	- -	8,500	189,000	+4,100
9.—Salt - - - - -	389,964	462,700	462,300	- -	400	489,000	+26,700
10.—Opium - - - -	2,014,425	2,102,900	1,611,300	- -	491,600	2,323,000	+711,700
11.—Stamps and Stationery -	134,418	141,200	87,600	- -	53,600	76,900	—10,700
12.—Mint - - - - -	59,532	59,400	73,300	13,900	- -	86,400	+13,100
13.—Post Office - - -	613,041	646,600	611,900	- -	34,700	658,400	+46,500
14.—Telegraph - - - -	380,588	351,500	384,400	32,900	- -	364,000	—20,400
15.—Administration - - -	1,153,192	1,229,800	1,219,800	- -	10,000	1,244,800	+25,000
16.—Minor Departments - -	212,897	235,600	221,900	- -	13,700	278,000	+56,100
17.—Law and Justice - -	2,996,190	2,427,100	2,297,300	- -	129,800	2,368,000	+70,700
Police - - - -	2,275,335	—	—	—	—	—	—
18.—Marine - - - -	475,602	487,100	394,700	- -	92,400	394,400	—300
Education - - - -	624,690	—	—	—	—	—	—
19.—Ecclesiastical - -	153,544	164,900	156,800	- -	8,100	161,000	+4,200
20.—Medical - - -	523,486	170,400	175,800	5,400	- -	178,000	+2,200
Printing - - - -	200,867	—	—	—	—	—	—
21.—Political Agencies - -	291,459	262,900	256,000	- -	6,900	292,000	+36,000
22.—Allowances and Assignments under Treaties and Engagements.	1,737,637	1,701,500	1,702,700	1,200	- -	1,710,700	+8,000
23.—Superannuation, Retired, and Compassionate Allowances.	655,969	628,700	618,800	- -	9,900	737,000	+118,200
24.—Miscellaneous - - -	1,010,530	866,300	745,500	- -	120,800	661,300	—84,200
25.—Allotments for Provincial Services.	200,000	4,799,300	4,851,100	51,800	- -	4,918,000	+66,900
	23,271,082	24,057,500	22,815,000	- -	1,242,500	23,969,000	+1,154,000
Army - - - -	12,549,303	12,410,000	12,150,000	- -	260,000	12,099,700	—50,300
Public Works, Ordinary -	3,811,167	2,320,800	2,385,500	64,700	- -	2,288,500	—97,000
Railways - - - -	267,883	235,500	134,200	- -	101,300	140,000	+5,800
	39,899,435	39,023,800	37,484,700	- -	1,539,100	38,497,200	+1,012,500
Public Works, Extraordinary	1,116,067	3,236,500	1,580,000	- -	1,656,500	2,204,800	+624,800
Total - - - £.	41,015,502	42,260,300	39,064,700	- -	3,195,600	40,702,000	+1,637,300

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

ENGLAND.—BUDGET ESTIMATE, 1872-73.

REVENUE and RECEIPTS.	Actuals, 1870-71.	Budget Estimate, 1871-72.	Regular Estimate, 1871-72.	Increase.	Decrease.	Budget Estimate, 1872-73.	Budget compared with Regular.
		£.	£.	£.	£.	£.	£.
XII. Telegraph - - -	19,608	32,000	22,900	- -	9,100	13,000	—9,900
XIV. Marine - - - -	- -	- -	1,900	1,900	- -	- -	—1,900
XV. Interest - - - -	43,286	30,000	31,000	1,000	- -	15,000	—16,000
XVI. Miscellaneous - - -	96,839	87,000	103,800	16,800	- -	103,800	—
TOTAL - - - £.	159,733	149,000	159,600	10,600	- -	131,800	—27,800
Army - - - - - -	18,463	14,000	22,500	8,500	- -	49,100	+26,600
TOTAL - - - £.	178,196	163,000	182,100	19,100	- -	180,900	—1,200

Fort William, Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

ENGLAND.—BUDGET ESTIMATE, 1872-73.

EXPENDITURE.	Actuals, 1870-71.	Budget Estimate, 1871-72.	Regular Estimate, 1871-72.	Increase.	Decrease.	Budget Estimate, 1872-73.	Budget compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	2,349,524	2,429,700	2,437,000	7,300	- -	2,468,900	+ 31,900
11.—Stamps and Stationery -	188,103	114,300	17,000	- -	97,300	10,100	— 6,900
12.—Mint - - - - -	6,727	12,300	5,200	- -	7,100	2,600	— 2,600
13.—Post Office - - - -	141,899	108,500	39,900	- -	68,600	89,600	+ 49,700
14.—Telegraph - - - -	101,957	164,000	82,700	- -	81,300	119,000	+ 36,300
15.—Administration - - -	206,979	207,400	299,600	92,200	- -	285,200	— 14,400
18.—Marine - - - -	284,168	290,700	212,200	- -	78,500	244,600	+ 32,400
21.—Political Agencies - -	61,507	37,000	47,000	10,000	- -	55,000	+ 8,000
22.—Allowances and Assignments under Treaties and Engagements.	19,336	19,300	19,300	- -	- -	19,300	—
23.—Superannuations - - -	794,794	797,000	832,000	35,000	- -	833,000	+ 1,000
24.—Miscellaneous - - -	381,159	326,400	338,800	12,400	- -	303,700	— 35,100
Total - - - £.	4,536,153	4,506,600	4,330,700	- -	175,900	4,431,000	+ 100,300
Army - - - - -	3,525,496	3,574,000	3,593,900	19,900	- -	3,762,300	+ 168,400
Public Works, Ordinary - -	134,800	44,200	45,800	1,600	- -	43,500	— 2,300
	8,196,449	8,124,800	7,970,400	- -	154,400	8,236,800	+ 266,400
Public Works, Extraordinary -	51,743	389,500	156,800	- -	232,700	410,200	+ 253,400
TOTAL - - - £.	8,248,192	8,514,300	8,127,200	- -	387,100	8,647,000	+ 519,800

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

RECEIPTS and PAYMENTS in *England* and *India* during the Year 1870-71.

RECEIPTS.	England.	India.	TOTAL.	PAYMENTS.	England.	India.	TOTAL.
	£.	£.	£.		£.	£.	£.
1. Opening Balance	2,892,483	13,940,451	16,832,934	12. Ordinary Expenditure	8,196,450	39,899,435	48,095,885
2. Ordinary Income	178,197	51,235,489	51,413,686	13. Guaranteed Interest on Railway Capital	4,352,713	38,879	4,391,592
3. Railway Traffic Receipts	-	6,620,758	6,620,758	14. Extraordinary Expenditure	51,743	1,116,067	1,167,810
4. Deposits repayable and Advances recoverable, &c.	793	16,567,979	16,568,772	15. Railway Working Expenses and Surplus Profits paid to the Railway Companies.	-	4,063,977	4,063,977
5. Local Remittances	-	1,042,344	1,042,344	16. Deposits repaid and Advances recoverable, &c.	793	18,328,905	18,329,698
6. Inter-provincial and Inter-departmental Transactions.	-	17,470,218	17,470,218	17. Local Remittances	-	736,760	736,760
7. Remittance Account	115,945	2,124,304	2,240,249	18. Inter-provincial and Inter-departmental Transactions.	-	17,362,867	17,362,867
8. Abyssinian Expedition	127,620	-	127,620	19. Remittance Account	1,114,584	522,720	1,637,304
9. Bills of Exchange	9,014,702	-	9,014,702	20. Bills of Exchange, including Specie Remittance.	-	9,823,550	9,823,550
10. Railway Capital	7,612,464	410,788	8,023,252	21. Railway Capital	5,343,805	1,818,147	7,161,952
11. Borrowed	2,423,856	4,217,088	6,640,944	22. Debt paid	-	2,999,485	2,999,485
				23. Abyssinian Expedition	-	99,884	99,884
				24. Closing Balance	3,305,972	16,818,743	20,124,715
TOTAL - - - £.	22,366,060	113,629,419	135,995,479	TOTAL - - - £.	22,366,060	113,629,419	135,995,479

ABSTRACT of the above, showing how the Ways and Means of the Year have been provided.

	£.		£.
Surplus in Ordinary Account, including Railway Transactions.	1,482,990	Cash Balance Increased	3,291,781
Local Remittances	305,584	Extraordinary Expenditure	1,167,810
Inter-provincial and Inter-departmental Transactions	107,351	Deposits repayable and Advances recoverable	1,760,926
Remittances	602,945	Bills of Exchange	808,848
Abyssinian Expedition Advances Recovered	27,736		
Railway Capital Receipts in excess of Expenditure	861,300		
Borrowed	3,641,459		
TOTAL - - - £.	7,029,365	TOTAL - - - £.	7,029,365

Fort William,
Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

ESTIMATED RECEIPTS and PAYMENTS in *England* and *India* during the Year 1871–72.

RECEIPTS.	England.	India.	TOTAL.
	£.	£.	£.
1. Opening Balance - - - - - - -	3,305,972	16,818,743	20,124,715
2. Ordinary Income - - - - - - -	182,100	49,794,400	49,976,500
3. Railway Traffic Receipts - - - - -	- -	6,729,500	6,729,500
4. Deposits repayable and Advances recoverable, &c.	7,000	18,518,600	18,525,600
5. Local Remittances - - - - - -	- -	407,300	407,300
6. Inter-provincial and Inter-departmental Transactions.	- -	17,883,000	17,883,000
7. Remittance Account - - - - - -	82,000	1,235,600	1,317,600
8. Abyssinian Expedition - - - - - -	10,000	16,000	26,000
9. Bills of Exchange - - - - - -	10,320,000	- -	10,320,000
10. Railway Capital - - - - - - -	3,985,600	1,486,800	5,472,400
11. Borrowed - - - - - - - - -	1,413,400	17,385,700	18,799,100
TOTAL - - - £.	19,306,072	130,275,643	149,581,715

PAYMENTS.	England	India.	TOTAL.
	£.	£.	£.
12. Ordinary Expenditure - - - - -	7,970,400	37,484,700	45,455,100
13. Guaranteed Interest on Railway Capital -	4,546,000	46,600	4,592,600
14. Extraordinary Expenditure - - - -	156,800	1,580,000	1,736,800
15. Railway Working Expenses and Surplus Profits paid to Railway Companies.	- -	3,958,300	3,958,300
16. Deposits repaid and Advances recoverable, &c.	7,000	18,860,200	18,867,200
17. Local Remittances - - - - - -	- -	90,900	90,900
18. Inter-Provincial and Inter-Departmental Transactions.	- -	18,145,000	18,145,000
19. Remittance Account - - - - - -	1,215,100	255,800	1,470,900
20. Bills of Exchange - - - - - - -	- -	9,560,900	9,560,900
21. Railway Capital - - - - - - -	2,699,900	2,489,200	5,189,100
22. Debt Paid - - - - - - - -	5,000	16,160,400	16,165,400
23. Abyssinian Expedition - - - - -	- -	3,500	3,500
24. Closing Balance - - - - - -	2,705,872	21,640,143	24,346,015
TOTAL - - - £.	19,306,072	130,275,643	149,581,715

ABSTRACT of the above showing how the Ways and Means of the Year are estimated to be provided.

	£.
Surplus in Ordinary Account, including Railway Transactions.	2,700,000
Local Remittances - - - - - - - - - -	316,400
Abyssinian Expedition Advances recovered - - -	22,500
Railway Capital Receipts in excess of Expenditure - -	283,300
Bills of Exchange - - - - - - - - -	759,100
Borrowed - - - - - - - - -	2,633,700
TOTAL - - - £.	6,715,000

	£.
Cash Balance increased - - - - - - - - -	4,221,300
Extraordinary Expenditure - - - - - - - -	1,736,800
Deposits repayable and Advances recoverable - - -	341,600
Remittances - - - - - - - - - - -	153,300
Inter-provincial and Inter-departmental Transactions -	262,000
TOTAL - - - £.	6,715,000

Fort William,
Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

Estimated Receipts and Payments in *England* and *India* during the Year 1872-73.

RECEIPTS.	England.	India.	Total.	PAYMENTS.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1. Opening Balance	2,705,872	21,640,143	24,346,015	12. Ordinary Expenditure	8,236,800	38,497,200	46,734,000
2. Ordinary Income	180,900	48,590,100	48,771,000	13. Guaranteed Interest on Railway Capital	4,680,000	44,000	4,724,000
3. Railway Traffic Receipts	- -	6,614,900	6,614,900	14. Extraordinary Expenditure	410,200	2,204,800	2,615,000
4. Deposits repayable and Advances recoverable, &c.	7,000	18,693,500	18,700,500	15. Railway Working Expenses and Surplus Profits paid to Railway Companies.	- -	3,690,900	3,690,900
5. Local Remittances	- -	274,200	274,200	16. Deposits repaid and Advances recoverable, &c.	7,000	18,594,400	18,601,400
6. Inter-provincial and Inter-departmental Transactions	- -	16,257,200	16,257,200	17. Local Remittances	- -	494,600	494,600
7. Remittance Account	50,000	1,276,900	1,326,900	18. Inter-provincial and Inter-departmental Transactions.	- -	16,473,600	16,473,600
8. Abyssinian Expedition	20,000	- -	20,000	19. Remittance Account	1,160,400	197,300	1,357,700
9. Bills of Exchange	13,000,000	- -	13,000,000	20. Bills of Exchange	- -	13,000,000	13,000,000
10. Railway Capital	2,146,700	1,282,600	3,429,300	21. Railway Capital	1,526,400	2,461,000	3,987,400
11. Borrowed	- -	780,000	780,000	22. Debt paid	- -	2,210,200	2,210,200
				23. Closing Balance	2,089,672	17,541,543	19,631,215
Total - - - £.	18,110,472	115,409,543	133,520,015	Total - - - £.	18,110,472	115,409,543	133,520,015

Abstract of the above, showing how the Ways and Means of the Year are estimated to be provided.

	£.		£.
Cash Balance reduced	4,714,800	Extraordinary Expenditure	2,615,000
Surplus in Ordinary Account, including Railway Transactions.	237,000	Remittances	30,800
Deposits repayble and Advances recoverable, &c.	99,100	Local Remittances	220,400
Abyssinian Expedition Advances recovered	20,000	Railway Capital Expenditure	558,100
		Inter-provincial and Inter-departmental Transactions	216,400
		Debt paid	1,430,200
Total - - - £.	5,070,900	Total - - - £.	5,070,900

Fort William,
Financial Department,
6 April 1872.

G. Fitzgerald,
Officiating Deputy Comptroller General.

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Secretary to the Government of India.

(A.)—STATEMENT of SPECIAL LOANS to MUNICIPALITIES, &c., during 1870–71.

	Amount of Loans Sanctioned.	Rate of Interest.	Date of Orders authorising the Loans	Balance from last Year.	Amount Advanced.	TOTAL.	Amount Repaid.	Balance.	Amount of Interest Received or Credited to Revenue.	Balance of Interest Unpaid.
	Rs. a. p			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p	Rs. a. p.	Rs. a. p.
Port Canning Municipality (for improvement of port).	4,50,000 – –	Nil for five years	Financial Department, Government of India, 10th March 1866, No. 1251.	2,25,000 – –	- - -	2,25,000 – –	- -	2,25,000 – –	—	—
Culcutta Municipality (for water supply).	52,00,000 – –	at 4 per cent *	Financial Department, Government of India, 28th February 1867, No. 1171.	51,50,000 – –	50,000 – –	52,00,000 – –	- -	52,00,000 – –	2,07,189 – 7	—
Kurrachee Municipality (for water supply)	6,30,000 – –	„ 4* „	Financial Department, Government of India, 25th March 1869, No. 1519	—	—	—	—	—	—	—
Bombay Municipality (for payment of existing debts, repayable by instalments in 10 years).	15,00,000 – –	„ 5 „	Financial Department, Government of India, 31st March 1869, No. 1907.	14,33,891 7 9	- - -	14,33,891 7 9	1,23,101 9 4	13,10,789 14 5	68,898 6 8	—
Madras Local Funds (for completion of east coast canals, at least 5,000 rupees to be re-paid half yearly).	2,00,000 – –	„ 5 „	Financial Department, Government of India, 5th July 1869, No 1753.	25,154 10 11	29,826 15 8	54,981 10 7	10,000 – –	44,981 10 7	1,905 – 7	—
Madras Municipality (for water supply)	12,80,000 – –	„ 4* „	Financial Department, Government of India, 27th February 1869, No. 1219, and 8th July 1869, No. 1862.	50,000 – –	4,10,000 – –	4,60,000 – –	- -	4,60,000 – –	2,944 2 3	—
Bombay Port Trust Fund - -	- - -	- -	- - - - -	- - -	2,01,27,802 – –	2,01,27,802 – –	- -	2,01,27,802 – –	—	—
Elphinstone Land and Press Company	- - -	at 5 per cent.	Bombay Government Resolution, No. 62, C. W. 222, dated 29th January 1868, P W. Department	10,24,779 2 4	2,75,220 13 8	13,00,000 – –	13,00,000 – –	- - -	41,666 10 8	—
Bombay Municipality (for Vehar water works).	- - -	„ 4 „	Bombay Acts XIII of 1863 and II of 1865, and Bombay Government Resolution, No. 1389, dated 27th July 1865.	37,79,927 – 4	- - -	37,79,927 – 4	24,448 5 4	37,55,478 11 –	1,50,751 10 8	—
Bombay Municipality (for Elphinstone Circle Debt).	- - -	Nil - -	Bombay Government Resolution, No. 697, dated 9th May 1863, General Department.	29,924 – –	- - -	29,924 – –	29,924 – –	—	—	—
Calcutta Port Fund - - -	17,65,000 – –	at 4½ per cent.	Financial Department, Government of India, 30th April 1870, No 200, and 7th July 1871, No. 1832.	12,55,000 – –	5,10,000 – –	17,65,000 – –	- -	17,65,000 – –	28,237 8 –	—
Kumaon (May 1868), (Nyneetal)	4,000 – –	Without interest.	N W P Government Order of 5th May 1868, No. 2078.	4,000 – –	- - -	4,000 – –	4,000 – –	—	—	—
Ootacamund Municipality - -	20,000 – –	at 5 per cent	Madras Government Order of 11th August 1869, No. 1112, Public Department.	11,006 12 8	8,993 3 4	20,000 – –	1,834 6 9	18,165 9 3	550 5 6	—
Cawnpore Municipality - -	2,69,540 – –	„ 5 „	Financial Department, Government of India Order of 14th December 1869, No. 2959	- - -	1,00,000 – –	1,00,000 – –	- -	1,00,000 – –	—	—
Calcutta Port Trust - - -	1,00,00,000 – –	„ 4½ „	Act No. V. of 1870, B. C. - -	- - -	6,62,574 9 7	6,62,574 9 7	- -	6,62,574 9 7	—	—
			TOTAL - - - Rs.	1,29,88,683 2 –	2,21,74,417 10 3	3,51,63,100 12 3	14,93,308 5 5	3,36,69,792 6 10	5,02,142 12 11	—

Calcutta, Comptroller General's Office, }
Central Accounts Branch, 6 April 1872. }

Hugh Sandeman,
Officiating Comptroller General.

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* Two per cent. addditional appropriated to form a Sinking Fund.

(B.)—SINKING FUNDS for Redemption of LOAN during 1870-71.

	BALANCE.		RECEIPTS.		TOTAL.		PAYMENTS.		BALANCE.	
	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities	Cash.
	Rs a p.	Rs. a p	Rs a p.	Rs a. p	Rs a. p	Rs a p	Rs. a. p.	Rs a. p	Rs. a. p.	Rs. a p.
Calcutta Municipality (for water supply) -	1,38,800 – –	90 2 2	98,100 – –	1,14,281 11 11	2,36,900 – –	1,14,371 14 1	- - -	1,14,339 3 7	2,36,900 – –	32 10 6
Madras Municipality (for water supply) -	500 – –	20 11 1	1,500 – –	1,522 1 2	2,000 – –	1,542 12 3	- - -	1,501 6 8	2,000 – –	41 5 7

Calcutta, Comptroller General's Office,
Central Accounts Branch, 6 April 1872.

Hugh Sandeman,
Officiating Comptroller General.

ACCOUNT of MONEY raised on LOAN in 1870–71, for Reproductive Works, and of Extraordinary Expenditure.

		£.	£.	£
Balance brought forward - - -		- -	- -	2,321,132
LOANS RAISED				
England.				
Proceeds of Four per Cent. Stock - - - - -		2,423,856		
			2,423,856	
India:				
Loan from the Maharajah Holkar for a State Railway -		250,000		
Four per Cent. Loan.				
Securities issued for purchase of the Elphinstone Property -		1,859,228		
		2,109,228		
Deduct,—Debt Paid:	£.			
Five per Cent. Public Works Loan - - -	273,040			
Five per Cent. Debenture Loan - - - -	195,300			
Other Loans - - - - - - - -	730			
		469,070		
			1,640,158	
				4,064,014
EXTRAORDINARY RECEIPTS:			Loans Recovered	
Madras.				
East Coast Canals - - - - - - - -		- -	1,000	
Ootacamund Municipality - - - - - -		- -	183	
Bombay:				
Bombay Municipality (Existing Debts) - - - -		- -	12,310	
Ditto - - - (Vehar Water Works) - - -		- -	2,445	
Ditto - - - (Elphinstone Circle Debts) - -		- -	2,993	
Elphinstone Land and Press Company - - - -		- -	130,000	
North West Provinces:				
Kumaon Municipality - - - - - - -		- -	400	
				149,331
			£.	6,534,477

	£.	£	£.
EXTRAORDINARY EXPENDITURE:			
Irrigation Works {India - - - - - - - -	717,157		
Irrigation Works {England - - - - - - -	1,281		
		718,438	
State Railways - {India - - - - - - - -	398,910		
State Railways - {England - - - - - - -	50,462		
		449,372	
			1,167,810
LOANS.			
To Madras Municipality - - - - - - -	41,000		
East Coast Canal - - - - - - - -	2,983		
Ootacamund Municipality - - - - - -	899		
		44,882	
Elphinstone Land and Press Company - - - -	27,523		
Bombay Port Trust Fund - - - - - -	2,012,780		
		2,040,303	
Calcutta Port Fund - - - - - - -	51,000		
Calcutta Port Trust Fund - - - - - -	66,257		
Calcutta Municipality - - - - - - -	5,000		
		122,257	
Cawnpore Municipality - - - - - -	10,000		
		10,000	
			2,217,442
			3,385,252
Balance carried to Account for 1871–72 - - -			3,149,225
		£.	6,534,477

Calcutta, Comptroller General's Office,
Central Accounts Branch, 6 April 1872.

Hugh Sandeman,
Officiating Comptroller General.

ESTIMATE.

ACCOUNT of MONEY raised on LOAN in 1871-72, for Reproductive Works, and of Extraordinary Expenditure.

		£.	£.	£
Balance brought forward				3,149,225
LOANS RAISED:				
England.				
Proceeds of Four per Cent. Stock		1,413,400		
Deduct—Paid off		5,000	1,408,400	
India				
Loan from the Maharajah Holkar for a State Railway		200,000		
Deduct.				
Debt Paid.	£.			
Five per Cent. Public Works Loan	44,000			
Five per Cent. Debenture Loan	149,600	193,600	6,400	1,414,800
EXTRAORDINARY RECEIPTS.			Loans recovered.	
Madras			£.	
East Coast Canal			1,000	
Ootacamund Municipality			320	
Bombay.				
Bombay Municipality			12,800	
Ditto for Vehar Water Works			2 540	16,660
			£	4,580,685

	£.	£.	£
EXTRAORDINARY EXPENDITURE:			
Irrigation Works:			
India	1,020,000		
England	800	1,020,800	
State Railways.			
India	560,000		
England	156,000	716,000	1,736,800
LOANS.			
Madras			
To Madras Municipality	59,000	59,000	
Bombay:			
Bombay Municipality	20,000		
Sholapore Municipality	1 000		
Bombay Port Trust Fund	80,000		
Punderpore Municipality	7,500	108,500	
Central Provinces.			
Nagpore Municipality	28,200	23,200	195,700
			1,932,500
Balance carried forward to 1872-73			2,648,185
		£.	4,580,685

Calcutta, Comptroller General's Office,
Central Accounts Branch, 6 April 1872.

Hugh Sandeman,
Officiating Comptroller General.

Appendix, No. 2.

PAPER handed in by Mr. *Gay.*

COMPARATIVE STATEMENT of the REVENUES and EXPENDITURE in the DEPARTMENTS in INDIA, exclusive of PUBLIC WORKS and ARMY EXPENDITURE, in the Years 1856–57 and 1870-71.

HEADS OF REVENUE.	1856–57.	1870–71.
	£.	£.
Land Revenue, including Tributes and Contributions from Native States, Forest, and Abkaree Revenues, &c. - - - -	20,046,748	24,170,151
Assessed Taxes - - - - - -	108,833	2,072,025
Customs - - - - - - -	1,191,985	2,610,789
Salt - - - - - - - -	3,610,223	6,106,280
Opium - - - - - - -	4,988,434	8,045,459
Stamps - - - - - - -	637,956	2,510,316
Mint - - - - - - - -	300,472	33,400
Post Office - - - - - -	189,907	805,235
Telegraph - - - - - - -	23,582	227,402
Law and Justice - - - - -	213,621	746,898
Police - - - - - - - -	19,175	270,971
Marine - - - - - - - -	127,340	338,145
Education - - - - - - -	23,108	61,610
Interest - - - - - - -	71,735	297,715
Miscellaneous - - - - - -	367,791	1,084,829
£.	31,920,910	49,376,225

HEADS OF EXPENDITURE.	1856–57.	1870–71.
	£.	£.
Repayments, Allowances, Refunds, and Drawbacks - - - - - - -	102,914	356,431
Payments in realisation of the Revenue, viz.:		
Land Revenue, &c. - - - -	2,224,840	3,089,682
Assessed Taxes - - - - -	348	43,991
Customs - - - - - - -	112,021	186,991
Salt - - - - - - - -	564,395	389,964
Opium - - - - - - - -	1,128,483	2,014,425
Stamps - - - - - - -	32,124	101,610
Mint - - - - - - - -	96,046	59,532
Post Office - - - - - - -	312,796	613,041
Telegraph - - - - - - -	97,546	380 588
Allowances and Assignments under Treaties and Engagements - - -	1,858,328	1,737,637
Charges, viz.:		
Administration - - - - - -	1,066,783	1,153,192
Minor Departments - - - -	99,525	212,897
Law and Justice - - - - - -	1,741,566	2,996,190
Police - - - - - - - -	1,098,309	2,275,335
Marine - - - - - - -	709,696	475,602
Education - - - - - - -	207,818	624,690
Ecclesiastical - - - - -	127,727	153,544
Medical Services - - - - -	175,714	523,486
Stationery and Printing - - -	128,197	233,675
Political Agencies - - - -	178,851	291,459
Miscellaneous - - - - - -	216,228	1,010,530
Superannuations, Retired, and Compassionate Allowances - - - -	424,930	655,969
Allotments for Provincial Services -	- -	200,000
Interest on India Debt - - -	2,259,682	3,490,621
£.	14,964,867	23,271,082

Note—The Accounts for 1856–57 having been re-arranged for comparison according to the system adopted in 1870–71 will be found to differ in any respects from those already laid before Parliament, and must be taken subject to the explanations given in the body of the Evidence.

Appendix, No. 3.

TROOP TRANSPORT CHARGES.

Appendix, No. 3.

The following statement of the approximate expense of the passage of officers and troops between Great Britain (or the Colonies) and India during the nine years from 1861-62 to 1869-70, will afford some idea of the cost of the different systems of relief. It is divided into three periods of three years each.

1. During the years 1861-62 to 1863-64 the troops conveyed were fewer than in subsequent years, the liability of India to effect the relief of a stated number of regiments annually having only been admitted in the year 1864. The passage charges were moreover increased in the year 1865 by the application of the Royal Passage Warrant to officers, &c. proceeding to India. Hence the average expenditure of these years (1861-64) is much the smallest.

2. From the year 1864-65 to 1866-67 the reliefs were effected, as before, by hired transports sailing *vià* the Cape, the increase in the cost, as compared with the previous years, being accounted for in the manner above described.

3. The passage arrangements during the years 1867-68 to 1869-70, were conducted by means of the India Overland Troop Service, supplemented by vessels chartered to sail *vià* the Cape. The cost of these services is separately stated, but their total shows a further average increase upon the expense of the preceding years.

Passage of Officers and Troops (excluding Overland Troop Service).

YEAR.	EXPENDITURE.			Average of Three Years.
	In India. 1.	In England. 2.	TOTAL. 3.	4.
	£	£.	£.	£.
1861-62 - - -	222,910*	148,010	370,920	360,598
1862-63 - - -	141,111*	139,631	280,742	
1863-64 - - -	256,050*	174,081	430,131	
1864-65 - - -	354,584	174,949	529,533	571,336
1865-66 - - -	338,176	278,455	616,631	
1866-67 - - -	295,638	272,207	567,845	
1867-68 - - -	161,191	158,831	320,022	282,553 (Supplementary).
1868-69 - - -	179,302	145,359	324,661	
1869-70 - - -	149,511	53,465	202,976	

* These amounts are taken from special returns, furnished by the Governments of India, and those for subsequent years from the Finance and Revenue Accounts.

The estimated average expense of the India Overland Troop Service during the years 1867-68, 1868-69, and 1869-70, shown in the accompanying memorandum, is only 435,755 *l.*; but by adding the average cost of supplementary passage for those years, as above stated, viz., 282,553 *l*, the total average expenditure is raised to 718,308 *l.*, or about 140,000 *l.* more than was incurred immediately before the establishment of the Troop Service. This amount might perhaps be slightly modified, inasmuch as the outstanding claims on account of the Overland Troop Service were included in the estimated cost of that service, but the total passage charges of the years 1867-68 to 1869-70, would still be at least 100,000 *l.* in advance of the average of the three previous years.

Appendix A

	£.
Overland Troop Services - -	435,755
Supplementary Passage - -	282,553
	718,308
Deduct one-third of 120,000 *l.*, the estimated amount of outstanding claims against the Troop Service	40,000
£.	678,308

Appendix, No. 3.

As marginally noted, the items in column 1 of the preceding statement, viz., the expenditure in India for the years 1861-62, 1862-63, and 1863-64, are taken from the special* returns furnished by the separate Governments, the "Sea Transport" charges of those years not being separately shown in the Finance and Revenue Accounts presented to Parliament.

* In reply to Secretary of State's Circular Despatch, dated 14 December 1869 (Military).

The approximate number of troops and their families (counting two children as one adult) conveyed to and from India, in the nine years before referred to, is as follows:—

Year.	By Hired Transports.		By Overland Troop Service.		Total.	Average of Three Years.
	Out.	Home.	Out.	Home.		
1861-62 - -	3,233	7,127	- -	- -	10,360	12,390 adults.
1862-63 - -	4,624	4,817	- -	- -	9,441	
1863-64 - -	10,217	7,153	- -	- -	17,370	
1864-65 - -	9,211	10,805	- -	- -	20,016	18,860 "
1865-66 - -	8,856	10,388	- -	- -	19,244	
1866-67 - -	9,310	8,012	- -	- -	17,322	
1867-68 - -	4,127	2,297	8,595	7,385	22,404	21,560 "
1868-69 - -	2,089	1,541	9,696	5,964	19,290	
1869-70 - -	624	696	11,305	10,360	22,985	

The numbers of the last three years are much in excess of the average of the three preceding years, and this would, at first sight, seem to explain the increased expenditure of those years, but from the foregoing data we have (observing that the expense of the officers' passages, is distributed over the number of troops conveyed)—

		£.	s.	d.
For the 3 years, 1861-62 to 1863-64, the average cost of a passage -	$\frac{360,598}{12,390} =$	29	2	-
For the 3 years, 1864-65 to 1866-67, the average cost of a passage -	$\frac{571,336}{18,860} =$	30	5	10
For the 3 years, 1867-68 to 1869-70, the average cost of a passage -	$\frac{678,308^{*}}{21,560} =$	31	9	2

*The amount marginally noted on page 1.

In comparing the numbers on passage in any given season, with the actual expenditure incurred, as shown in these accounts, there is this difficulty. Under the old system of transport the homeward service commenced about the month of November, and extended to April and May, small detachments of invalids being dispatched as late as the months of July and August; and the relieving regiments and drafts usually embarked in this country between the months of June and September inclusive. The payments for freight, disbursed partly in England and partly in India, were brought to account in the financial year in which the claims were paid. The expenditure is, moreover, considerably influenced by the number of officers conveyed, which cannot be stated, for want of correct information, as to the homeward passages and passage allowances granted during the years referred to.

The preceding data, however, do not appear sufficiently trustworthy, and I would therefore suggest another mode of comparing the expense of the two services, by estimating the cost per head.

In the Parliamentary Return, No. 159, of 1865, "Reports and Correspondence respecting the establishment of a Line of Steam Transports between England and India," an estimate is given of the cost of transport by hired vessels sailing *viâ* the Cape of Good Hope, and by the (proposed) overland troop service.

The comparison therein made is not strictly correct.

Appendix B.

1. The freight of troops and their families (*i.e.* excluding officers) has been computed at the average rate for the year 1863-64, viz., 10 *l.* 1 *s.* 5 *d.* outward, and 28 *l.* 6 *s.* 4 *d.* homeward per adult. The average of the six years preceding the establishment of the Overland Troop Service, notwithstanding that two or three of those years were exceptionally expensive, was 10 *l.* 17 *s.* 2 *d.* outward, and 28 *l.* 0 *s* 4 *d.* homeward; the average rates of the three years 1861-62 to 1863-64 being 10 *l.* 0 *s.* 4 *d.*, and 26 *l.* 13 *s.* 2 *d.*, and those of the three years 1864-65 to 1866-67, 11 *l.* 9 *s.* 4 *d*, and 28 *l.* 18 *s.* 2 *d.*, outward and homeward respectively.

YEAR.	Out.	Home.
1867-68 - -	8,595	7,385
1868-69 -	9,696	5,964
1869-70 - -	11,305	10,360
	29,596	23,709
Average -	9,865	7,903
	17,768	

By taking the outward and homeward freight together, say,—

	£.	s.	d.		£.
9,865 adults at	10	17	2	=	107,117
7,903 "	28	-	4	=	221,416
*17,768 adults.					£. 328,533

---

* The average numbers conveyed in the troop ships during three years.

it would give a general average of 18 *l.* 19 *s.* 9 *d.* per adult; or, by adding 1 *l.* each for bedding, medical comforts and incidental expenses, the total passage cost of each adult, outward or homeward, would be 19 *l.* 9 *s.* 9 *d.*

2. The passage of an officer is stated, upon an average, to have cost 100 *l.* 9 *s.* 6 *d.* outward, and 127 *l.* 2 *s.* 10 *d.* homeward. These rates have been arrived at in connection with the number of officers of each rank conveyed to and from India, under the old system, in hired transports, say,—

		£.
To India	Field officers, - - -	at 135
	Captains - - -	110
	Subalterns, &c. - -	95
From India,	Field officers - -	170
	Captains - - -	140
	Subalterns, &c. - -	120

(Subsequent to the year 1862–63 the Bombay homeward rates were reduced to 150 *l.*, 125 *l.*, and 110 *l.* respectively.) Under the regulations in force until 1865, the allowances granted, when an officer made his own outward passage arrangements, were those above quoted, less a table money deduction of 5 *l.*, but the passage charges for officers were greatly restricted. Her Majesty's regimental officers were entitled to passage to India, only when proceeding with their regiments, or subsequently to fill vacancies, provided such vacancies were not made for the convenience of the officers themselves; and from India, when returning with their regiments, or in charge of detachments of invalids. Subalterns returning home on sick certificate were granted an allowance of 120 *l.* A special sum of 85 *l.* was also allowed to captains coming to England on sick certificate, and to captains and subalterns of Her Majesty's regiments serving in India again proceeding to India after furlough on sick certificate, on a declaration that they did not possess a sum of 5,000 rupees.

In 1865 the restrictions above referred to were, to some extent, removed by the adoption of the Royal Passage Warrant, in which the allowances were revised.

For Bombay, 90 *l.* per steamer }
Madras, 94 *l.* „ } or *87 *l.* per sailing vessel.
Calcutta 98 *l.* „ }

*Usually granted.

for the outward or homeward passage, but the old rates were allowed to remain in the charter-parties, so that for an officer on duty with troops, India paid a much higher rate than for an officer who was allowed to engage his own passage.

The above rates, 100 *l.* 9 *s.* 6 *d.*, and 127 *l.* 2 *s.* 10 *d.*, have been computed upon the limited number of officers in charge of troops only, exclusive of those granted passage allowances, say, 305 outward and 118 homeward, it is therefore incorrect to take these rates as the basis for a comparison of the cost of the passage of the larger number of officers estimated to be conveyed by the Overland Troop Service, this larger number being greatly in excess of the officers required for duty on passage; thus, the number of officers taken into comparison in the return, as against the cost of the troop service, was,—

	£.	s.	d.		£.
334 outward at	100	9	6	=	33,559
280 homeward	127	2	10	=	35,600

£. 69,159; whereas a fairer estimate would be—

	£	s.	d.		£.	
305 at	100	9	6	=	30,645	Average 99 *l.* 15 *s.*
29	* 92	-	-	=	2,668	
118	127	2	10	=	15,003	„ 106 *l.* 16 *s.*
162	* 92	-	-	=	14,904	

*Assuming 92 *l* to have been the average allowance granted. General officers are altogether excluded.

£. 63,220; and if the actual average number of officers conveyed by the Overland Troop Service be taken, a result still more favourable to the old service is obtained:

	£.	s.	d.		£.	
305 at	100	9	6	=	30,645	Average 97 *l.* 6 *s.*
181	92	-	-	=	16,652	
118	127	2	10	=	15,003	„ 103 *l.* 19 *s.*
229	92	-	-	=	21,068	

YEAR.	Out.	Home.
1867–68 - -	456	304
1868–69 - -	482	261
1869–70 - -	520	477
	1,458	1,042
Average -	486	347

833

£ 83,368; or, for 833 officers out and home, an average rate of 100 *l.* 1 *s.* 6 *d.*, say, 100 *l.* for each officer conveyed under the old system.

3. The comparison in the Parliamentary Return, above referred to, is based upon the assumption that an equal number of men would be conveyed out and home, and in this point it is also defective. The estimate of 23 *l.* 1 *s.* 9 *d.*, stated as the average passage cost of each adult by the Cape route, cannot therefore be depended upon.

Assuming, however, that under the old system of transport, *viâ* the Cape, the cost of an officer's passage was 100 *l.* and that of a soldier's passage 19 *l.* 9 *s.* 9 *d.*, as before shown, it will not be difficult to arrive at an approximate comparison of the expense of the two services

Under

Under the former system of transport the shipbrokers had only to tender a rate per head for the troops and their families, the rates payable for officers being fixed by Government, and printed in the charter-parties. The officers made their own arrangements respecting their families, but the rates for the troops were undoubtedly modified by the number of officers apportioned to each ship.

By adopting the same principle and fixing an officer's passage by the Overland Troop Service at 100 *l.* (the approximate cost by the old service), the expense of a soldier's passage is shown as follows:—

The average cost of the Overland Troop Service for three years has been already stated at 435,755 *l.*, and the average numbers of officers and troops (with their families) conveyed, were 833 and 17,768 respectively.

Eight hundred and thirty three officers at 100 *l.* each equals 83,300 *l.*, which, deducted from the sum of 435,755 *l.* leaves 352,455 *l.* as the cost of conveying the troops and their families, say, for 17,768, an average of 19 *l.* 16 *s.* 9 *d.* for each adult.

A comparison of the average cost of a passage outward or homeward will therefore be:—

Rank, &c.	By Hired Transports, &c.	By Overland Troop Service.
	£. s. d.	£. s. d.
For an Officer - -	100 – –	100 – –
For a Soldier, &c. -	19 9 9	19 16 9

If the contrast had been made only for the years 1867–68 and 1868–69 the result would not have been so favourable to the Overland Troop Service, the average cost per man being greatly reduced by the unusually large number of troops (21,665 adults) embarked by the overland route, in 1869–70; and it may justly be observed that the comparative economy of the service greatly depends upon the number of troops requiring passage to and from India. Formerly, India only paid for the passage accommodation actually required, but since the adoption of the overland route, the service, with its ships and establishments, must be maintained, whether the troops to be conveyed are few or many.

There are, no doubt, considerations in favour of the Troop Service in the way of superior accommodation, and especially that afforded to officers for their families, the expense attending which has not been taken into consideration in the above estimate, this being altogether incidental to the adoption of the overland route, no such charges having been borne by India prior to 1867–68.

It should also be noticed that the charges for supplementary passage have been considerably increased by the establishment of the Troop Service. India has since had to pay very high rates for the homeward passage of Invalids, *viâ* the Cape, in some instances as much as 40 *l.* per head, for the reason that the healthy men were brought home in Her Majesty's Indian troop ships; and the uncertainty of sailing ships being required for the freight of troops homeward has, no doubt, precluded ship-owners from making the same economical arrangements for provisioning the troops that they were formerly in the habit of doing, so as to tender at low rates.

The adoption of the new Service has necessitated the embarkation and disembarkation of all troops at Bombay, and the consequent expense of increased railway carriage; but to this there may be some "sets-off," for instance, Major General Norman, in his recent exposition of military expenditure, alluded to a saving of 12,600 *l.* "by the abolition of the Kurrachee and Chinsurah Depôts, which the overland transport have rendered unnecessary."

I need hardly remark that a continuous effort is necessary to observe the strictest economy in the management of the service; for, with the increased facility of transport, there is a possibility of a tendency to send men home under circumstances which, hitherto, have not been deemed sufficient to necessitate their removal to England, in other words, to arrange the numbers to be conveyed by the capacity of the troop ships, the effect of which will be to reduce the average passage rate, and thus to prevent anything like a just comparison between the cost of the old and new transport services. Already, during the last few years, the number of troops provided with passage has so greatly increased that the subject demands serious attention.

In conclusion, I would observe, that until the outstanding accounts of the Overland Troop Service are prepared on the new forms, and until more intelligible returns of past charges are received from India, it is impossible to arrive at strictly accurate results.

The data that I have been able to collect, however, are submitted for consideration, and from time to time they will be supplemented by such further observations as may be necessary to elucidate the working of the new service and the comparative expense.

12 May 1871. (signed) *G. I. Jameson,*
Major General, Auditor.

Appendix, No. 3.

APPENDIX (A.).

ESTIMATED COST of the India-Overland Troop Service.

	£.	s.	d.	£.	s.	d.
Expenditure shown in the Home Accounts of the Government of India, presented to Parliament, for year 1865-66 - - - - - -				177,020	18	9
Ditto - - - ditto - - - 1866-67 - - - - - -				573,511	16	10
Ditto - - - ditto - - - 1867-68 - - - - - -				446,340	10	4
Ditto - - - ditto - - - 1868-69 - - - - - -				303,913	13	2
Ditto - - - ditto - - - 1869-70 - - - - - -				224,666	18	1
				1,725,453	17	2
Deduct,—Construction Charges: Ships, Tugs, Moorings, &c. - - - - - - -	1,118,786	19	11			
Victoria Hospital, Suez - - - - - -	54,965	19	3	1,173,752	19	2
				551,700	18	–
Add,—Net Expenditure in India, as shown in the Remittance Account, to 31st March 1870 (approximate) - - - - - -				297,982	14	4
				849,683	12	4
Add,—Outstanding Claims, say - - - - - - -				120,000	–	–
Working Expenses during three years - - - - - -				969,683	12	4
One-third - - -				323,228	–	–
Add,—"Wear and Tear" of the "Serapis" and "Crocodile;" viz., 8 per cent. on 408,293 *l*, the Cost of Construction - - - - - - - - - -	£ 32,663					
Less Two-fifths borne by the Admiralty - - - -	13,065			19,598	–	–
Total Estimated Average Annual Expenditure - - -				342,826	–	–
Add,—Average Interest on Construction Charges (1,173,753 *l.*) at 5 per Cent. - - - - - - - -				29,343	–	–
„ Redemption of Capital, at 4 per cent. - -	46,950					
Less Two-fifths of 4 per Cent. on 408,293 *l.*, borne by the Admiralty on account of "Serapis" and "Crocodile" - - - - - - - -	6,532			40,418	–	–
Add,—Insurance of the Ships - - - - -	27,250					
Less Two-fifths of 5 per cent on 204,146 *l.*, Average Value of the "Serapis" and "Crocodile," borne by the Admiralty - - - - - - -	4,082			23,168	–	–
Total Estimated Annual Cost of the Troop Service (Three years, 1867-68, 1868-69, and 1869-70) - - £.				435,755	–	–

N.B.—The correctness of this statement depends upon the two sums inserted as the estimated amount of outstanding Claims, 120,000 *l.*; and of the Net Expenditure in India, 297,982 *l.* 14 *s.* 4 *d.*

(signed) *G. I. Jameson.*

Appendix, No. 3.

APPENDIX (B.).

AVERAGE RATES paid for Troop Transport *viâ* the Cape of Good Hope during the Six Years, 1861-62 to 1866-67.

OUTWARD (excluding Officers).

YEAR.	Number of Troops and their Families.	Number of Ships.	Amount Paid.	Average Rate per Head during Three Years.
			£. s. d.	£. s. d.
1861-62 - -	3,233 Adults -	13	28,867 – –	
1862-63 - -	4,624 " -	15	40,775 – –	
1863-64 - -	10,217 " -	30	111423 – –	
	18,074 Adults -	- -	181,065 – –	10 – 4
1864-65 - -	8,183 Adults -	22	84,175 – –	
1865-66 - -	7,577 " -	19	85,658 – –	
1866-67 - -	9,310 " -	27	117,698 – –	
	*25,070 Adults -	- -	287,531 – –	11 9 4

Average Rate for each Adult during Six years - - - £. 10. 17. 2.

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* In addition to these numbers in the year 1864-65, 1,028 Adults, and in the year 1865-66, 1,279 Adults were conveyed to India from the Colonies under Admiralty arrangement, for which India paid an average rate per head.

HOMEWARD (excluding Officers).

YEAR.	Number of Troops and their Families.	Number of Ships.	Amount Paid.	Average Rate per Head during Three Years.
			£. s. d.	£. s. d.
1861-62 - -	7,127 Adults -	33	172,136 – –	
1862-63 - -	4,817 " -	32	133,489 – –	
1863-64 - -	7,153 " -	34	203,461 – –	
	†19,097 Adults -	- -	509,086 – –	26 13 2
1864-65 - -	10,805 Adults -	42	325,799 – –	
1865-66 - -	10,388 " -	39	297,123 – –	
1866-67 - -	8,012 " -	35	221,344 – –	
	† 29,205 Adults -	- -	844,266 – –	28 18 2

Average Rate for each Adult during Six years - - - £. 28. 0. 4.

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† These figures include a number of Lunatics and Convicts, for whom very high rates were paid; also, the strength of two regiments conveyed to New Zealand.

G. I. Jameson.

Appendix, No. 3.

SUPPLEMENTARY STATEMENT of the Cost of the INDIAN TROOP SERVICE.

IN continuation of the late auditor's report, dated 12th May 1871, a statement is submitted of the number of officers and troops, with their families, conveyed to and from India by the Indian Troop Service in the year 1870–71, with an approximate statement of the average cost of the service for four years, instead of three years, as shown in the report above alluded to.

The number of officers conveyed in 1870–71, was,—

Outward - - - - - - - - -	425
Homeward - - - - - - - - -	427
Total - - -	852

giving an average for the four years as follows:—

Year.	Out.	Home.
1867–68 - - - -	456	304
1868–69 - - - -	482	261
1869–70 - - - -	520	477
1870–71 - - - -	425	427
	1,883	1,469
Average - - -	471	367

Total Average - - - 838

Officers' families are not taken into consideration, for the reason explained in the late Auditor's Report.

The number of troops and their families (counting two children for one adult) was,—

Outward - - - - - - - -	9,133
Homeward - - - - - - - - -	8,226
Total - - -	17,359

giving an average for the four years as follows:—

Year.	Out.	Home.
1867–68 - - - -	8,595	7,385
1868–69 - - - -	9,696	5,964
1869–70 - - - -	11,305	10,360
1870–71 - - - -	9,133	8,226
	38,729	31,935
Average - - -	9,682	7,984

Total Average - - - 17,666

The cost of the service to 31st March 1871 may be taken to approximate an annual average of *442,101 l.*, as shown in the accompanying Statement, which, divided by the average number of troops conveyed, in accordance with the principle laid down in the late Auditor's Report, gives, for,—

	£.		£.	s.	d.	
Officers, say - - - - -	83,800	or	100	–	–	each.
Troops and their families -	*358,301*	or	*20*	*5*	*8*	each adult.
Total - - -	*£. 442,101*					

4 March 1872.

G. J. J.

Note.—In the above calculation allowance has not been made for the following service: Conveyance of 28 officers (with five ladies and four children) and 699 adults (troops and their families) from Bombay, &c. to Beypore and Aden. If a credit is given to the Indian Troop Service on this account, the rates of passage between England and India would be reduced to very nearly that previously stated, viz., 100 *l.* and 19 *l.* 16 *s.* 9 *d.* officers and troops respectively.

Appendix, No. 3.

ESTIMATED COST of the Indian Troop Service.

The figures printed in *italic* are approximate.

	£.	s.	d.	£.	s.	d.
Expenditure shown in the Home Accounts of the Government of India, presented to Parliament for Year 1865-66 - - - - - -				177,020	18	9
Ditto - - - ditto - - - 1866-67 - - - - - -				573,511	16	10
Ditto - - - ditto - - - 1867-68 - - - - - -				446,340	10	4
Ditto - - - ditto - - - 1868-69 - - - - - -				303,913	13	2
Ditto - - - ditto - - - 1869-70 - - - - - -				224,666	18	1
Ditto - - - ditto - - - 1870-71 - - - - - -				262,541	2	-
				1,987,994	19	2
Deduct,—Construction Charges: Ships, Tugs, Moorings, &c. - - - - - - -	1,118,786	19	11			
Suez Hospital - - - - - - -	55,303	1	4			
				1,174,090	1	3
				813,904	17	11
Add,—Net Expenditure in India, as shown in the Remittance Account, to 31st March 1871 (*approximate*) - - - - - - -				*400,000*	-	-
				1,213,904	*17*	*11*
Add,—Outstanding Claims, *say* - - - - - - - -				*120,000*	-	-
				1,333,904	*17*	*11*
Deduct,—Payment to the Admiralty on account of the undermentioned Services, for the years 1867-68, 1868-69, and 1869-70, included in the sum of 262,541 *l.* 2 *s.* above stated - - - - - - -				16,645	2	-
Working Expenses (Four Years) - - - - - - - -				*1,318,259*	*15*	*11*
One-fourth - - -				*329,565*	-	-
Add,—"Wear and Tear" of the "Serapis" and "Crocodile;" viz., 8 per Cent. on 408,293 *l.*, the Cost of Construction - - - - - - - - - - -	32,663					
Less Two-fifths borne by the Admiralty - - - -	13,065					
				19,598	-	-
Estimated Annual Expenditure - - -				*349,163*	-	-
Add,—Average Interest on Construction Charges, 1,174,090 *l.*, at 5 per Cent. - - - - - - - - - - -				29,352	-	-
" Redemption of Capital, at 4 per Cent. - - -	46,950					
Less Two-fifths of 4 per Cent. on 408,293 *l.* borne, by the Admiralty, on account of "Serapis" and "Crocodile" - - - - - - - -	6,532					
				40,418	-	-
Add,—Insurance of the Ships - - - - - -	27,250					
Less Two-fifths of 5 per Cent. on 204,146 *l.*, Average Value of the "Serapis" and "Crocodile," borne by Admiralty - - - - - - - - -	4,082					
				23,168	-	-
Total Estimated Annual Cost of the Troop Service (Four Years, 1867-68 to 1870-71). - - £.				*442,101*	-	-

India Audit Office,
4 March 1872.

Appendix, No. 4.

ROYAL INDIA LUNATIC ASYLUM, EALING.

Appendix, No. 4.

	£.	s.	d.	£.	s.	d.
PAYMENTS on account of salaries, wages, provisions, clothing, repairs, rates, farm, garden, and other incidental expenses, during the year ended 31st December 1871 - - - - - - - -				6,434	12	6
Deduct,—Sale proceeds of surplus farm and garden produce -				138	13	3
£				6,295	19	3
Add,—4 per cent. per annum interest on 42,000 *l.* outlay for purchase and fittings - -	1,680	–	–			
1 per cent. per annum on 42,000 *l.* outlay to meet possible depreciation - -	420	–	–	2,100	–	–
£.				8,395	19	3

The number of patients in the asylum in 1871 was,—

20 First Class
103 Second Class.

	£.
20 First class patients, at 115 *l.* each - - - - -	2,300
103 Second class patients, at 60 *l.* each - - - - -	6,180
£	8,480

India Office,
5 March 1872.

T. W. Keith,
Accountant.

Appendix, No. 5.

PAPER handed in by the Secretary of the Admiralty.

Appendix, No. 5.

RETURN showing the Periods actually occupied in REPAIRING the TROOP SHIPS "CROCODILE" and "SERAPIS" in each Year since the Commencement of the INDIAN TROOP SERVICE.

"CROCODILE." First completed for Sea, 10th September 1867.		
At what Yard.	Date when taken in hand by the Dockyard.	Date when Completed by the Dockyard.
	1867:	1867:
Portsmouth -	22 Nov. -	3 Dec.
	1868:	1868:
Portsmouth -	13 Jan. -	20 Jan.
Portsmouth -	27 Feb. -	9 Mar.
Portsmouth -	15 April -	6 May
Portsmouth -	16 July -	29 Sept.
Portsmouth -	14 Nov. -	25 Nov.
	1869:	1869:
Portsmouth -	15 Jan. -	22 Feb.
Portsmouth -	3 April -	16 April
Portsmouth -	9 July -	2 Oct.
Portsmouth -	9 Nov. -	20 Nov.
		1870:
Portsmouth -	27 Dec. -	6 Jan.
	1870:	
Portsmouth -	10 Feb. -	22 Feb.
Portsmouth -	8 April -	7 June
Portsmouth -	9 Aug. -	26 Sept.
Portsmouth -	9 Nov. -	15 Nov.
Portsmouth -	22 Dec. -	31 Dec.
	1871:	1871:
Portsmouth -	7 Feb. -	15 Feb.
Portsmouth -	15 April -	3 Oct.
		1872:
Portsmouth -	28 Dec. -	13 Jan.

"SERAPIS." First completed for Sea, 16th August 1867.		
At what Yard.	Date when taken in hand by the Dockyard.	Date when Completed by the Dockyard.
	1867:	1867:
Portsmouth -	18 Sept. -	15 Oct.
Portsmouth -	22 Nov. -	13 Dec.
	1868:	1868:
Portsmouth -	17 Jan. -	25 Jan.
Portsmouth -	4 Mar. -	12 Mar.
Portsmouth -	28 April -	11 May.
Portsmouth -	16 July -	18 Sept.
Portsmouth -	2 Nov. -	15 Nov.
Portsmouth -	18 Dec. -	29 Dec.
	1869:	1869:
Portsmouth -	4 Feb. -	13 Feb.
Portsmouth -	29 Mar. -	20 April
Portsmouth -	14 June -	25 Sept.
Portsmouth -	3 Nov. -	13 Nov.
Portsmouth -	20 Dec. -	24 Dec.
	1870:	1870:
Portsmouth -	2 Feb. -	14 Feb.
Portsmouth -	4 April -	21 April
Portsmouth -	27 July -	3 Oct.
Portsmouth	15 Nov. -	21 Nov.
		1871:
Portsmouth -	28 Dec. -	6 Jan.
	1871:	
Portsmouth -	15 Feb. -	24 Feb.
Malta -	16 Mar. -	28 Mar.
Portsmouth -	14 April -	9 Oct.
	1872:	1872:
Portsmouth -	2 Jan. -	18 Jan.

D. Branch, Admiralty,
9 March 1872.

EMPLOYMENT of Her Majesty's Ships " SERAPIS " and " CROCODILE " on IMPERIAL SERVICE.

Period of Service.	Regiments, &c.	From	To	Officers.	Men.	Women.	Children.	Horses.
Her Majesty's Ship " SERAPIS."								
1867:								
- July - -	Belgian Volunteers - -	Antwerp - - -	England and back.					
15 August to -	69th - - - - -	England and Ireland -	Quebec - -	39	713	76	86	6
18 September -	4th Battalion, Rifle Brigade	Quebec - - -	England - -	29	671	101	109	5
1868:								
11 May to -	- - - - - - -	Portsmouth - -	Alexandria.					
24 June -	1/4th, Royal Artillery, &c. -	Alexandria and Malta (Abyssinia).	England - -	56	824	21	28	5
1869:								
30 April to -	Emigrants, &c. - - -	England - - -	Quebec - -	25	350	158	314	–
8 June - -	Royal Artillery, 1/22nd, &c.	Quebec and New Brunswick.	England - -	44	923	127	169	5
1870:								
21 April to -	Passengers and Stores -	England - - -	Cape of Good Hope	-	100 boys.			
				4	74	12	9	–
11 July - -	1/9th and 2/11th - -	The Cape - - -	England - -	43	924	131	224	1
13 to 24 July -	Employed on Coastwise Service	- - - -	- - - -	52	1,047	138	305	2
1871:								
9 to 10 October	- ditto - - ditto -	- - - - -	- - - -	7	449	37	52	2
Her Majesty's Ship " CROCODILE."								
1868:								
12 May to -	- - - - - - -	England - - -	Alexandria.					
21 June -	33rd and 3rd Dragoon Guards.	Alexandria (Abyssinia)	England - -	54	741	–	–	18
1869:								
19 April to -	Emigrants - - - -	England - - -	Quebec - -	4	175	94	131	–
30 May - -	78th - - - - -	Quebec - - -	Halifax - -	29	716	68	103	8
	30th and Royal Artillery -	Halifax - - -	Ireland - -	38	975	165	289	7
9 June to -	- - - - - - -	Ireland - - -	New Brunswick.					
4 July - -	4/60th - - - -	New Brunswick - -	England - -	23	670	74	104	5
1870:								
6 June to -	Emigrants - - -	England - - -	Quebec - -	7	314	255	364	–
23 July - -	1st Battalion, Rifle Brigade	Quebec - - -	England - -	28	525	139	250	–

Transport Department,
Admiralty,
9 March 1872.

Appendix. No. 6.

PAPERS handed in by Mr. *Rowley Richardson.*

Appendix, No. 6.

MEMORANDUM showing the shortest Period which would probably be occupied, during ordinary Weather, by Her Majesty's Indian Troop Ships, in performing the Voyage from Portsmouth to Bombay.

Distance between Portsmouth and Port Saïd (*viâ* Malta) - - - - -	3,175 knots.
Distance between Suez and Bombay - - - - - - - - -	2,975 „
Total Distance between Portsmouth and Bombay (exclusive of the Maritime Canal) - - -	6,150 knots.

If absolutely necessary, the troop ships could be propelled at an average speed of 10 knots, the time occupied in steaming would therefore be - - - - - 615 hours.

Add the time required for coaling and for passage of the Maritime Canal - 55 „

Total Estimated Period of Voyage from Portsmouth to Bomby - 670 hours, or, 28 days.

C. J. Cruttenden,
Deputy Director of Transport Services,
and Assistant for India.

Rowley Richardson,
Superintendent, for Director of
Transport Services.

Admiralty, 8 March 1872.

MEMORANDUM.

ONLY one steamer has been chartered for the conveyance of troops from England to *Bombay, viâ* the Maritime Canal, viz, the "Tagus," of 1,908 tons gross, in October 1870.

The numbers so conveyed from Gravesend to Bombay were—

Officers - - - - - - -	14
Lady - - - - - - -	1
Men - - - - - - - -	238
Women - - - - - - -	23
Children - - - - - - -	34
Total - - -	310, equal to 293 adults.

The time occupied on the voyage was (27th October to 13th December 1870) 47 days

The rates paid to the owners were,—

For each officer - - £. 50 } (with proportionate rates for the families),
For each man - - 22 } including everything except as stated below.

The total sum paid to the owners was - - - - - - - - £. 6,860 6 8

Or, on the 293 adults conveyed, at the rate of - £. 23 8 3 per adult.

The cost of the additional stores supplied and expenses incurred by Government was equal to about - - - - - - - - - - 14 - „

Making the total rate of - - - - £. 24 2 3 per adult.

C. J. Cruttenden,
Deputy Director of Transport Services,
and Assistant for India.

Rowley Richardson,
Superintendent, for Director of
Transport Services.

Admiralty, 8 March 1872.

Appendix, No. 7.

PAPERS handed in by the Secretary of the Admiralty.

Appendix, No. 7.

EXPLANATION of the Item of 49,849 *l.* 17 *s.* 3 *d.*, for "Passages of Officers and Troops" in the East India (Home Accounts), from 1st April 1870, to 31st March 1871, page 9.

	£.	s.	d.	£.	s.	d.
OUTWARDS.						
Abstract of Miscellaneous Payments - - - - - -	39,436	13	6			
Add Adjustments - - - - - -	213	4	5			
				39,649	17	11
HOMEWARDS.						
Abstract of Miscellaneous Payments - - - - - -	9,939	6	10			
Add Adjustments - - - - - -	260	12	6			
				10,199	19	4
TOTAL - - - £.				49,849	17	3

These amounts are comprised as follows:—

OUTWARDS.

	Officers.			Troops.		
	£	s.	d.	£.	s.	d.
Passage Money for Officers and Non-Commissioned Officers of various Ranks who have proceeded to the several Presidencies in India, and whose individual passages have been provided by this Office or by the Admiralty, in either sailing or steamships, or by Peninsular and Oriental Company's contract passages - - - - - - - - - -	5,465	14	5	—		
By hired ship "Clyde" to Calcutta, *viâ* Cape, embarked 16th July 1869 - - - - - - - - - -	-		-	285	18	5
By hired steamship "Warrior" to Calcutta, *viâ* Canal to Bombay, embarked 21st October 1870 - - - - - -	966	7	6	10,254	8	10
By hired steamship "Tagus" to Bombay, *viâ* Canal, embarked 27th October 1870 - - - - - - - - -	722	4	6	6,138	2	2
By hired steamship "City of Brussels" to Calcutta, *viâ* Canal to Bombay, embarked 30th November 1870 - - - -	1,039	–	–	(*a*)8,335	16	8
Conveyance of Troops, Waterford to Bristol, in connection with this vessel - - - - - - - - - - -	-		-	(*b*) 38	14	–
By hired steamship "Atalanta" to Madras, *viâ* Canal to Bombay, embarked 16th December 1870 - - - - - -	573	6	8	(*c*)4,677	16	8
Handcuffs for Troops in "Atalanta" - - - - - -	-		-	1	8	9
Extra work to these four steam vessels - - - - - -	-		-	144	–	–
Travelling and Subsistence Expenses of Admiralty Officers on duties connected with these four vessels - - - - -	-		-	32	6	8
Medicines for these four vessels - - - - - - -	-		-	117	18	5
Bugles in "Serapis" and "Crocodile" taken at Malta - -	-		-	(*d*) 3	9	3
Passage of Troops by sundry vessels - - - - - -	695	10	–	(*e*) 156	15	–
£.	9,462	3	1	30,187	14	10

* £. 39,649. 17. 11.

(*a*) Further payments were made in 1871–72 on this account.
(*b*) This amount was subsequently abated from the freight account.
(*c*) Further payments were made in 1871–72 on this account.
(*d*) These bugles have since been received
(*e*) The voucher for this has been mislaid, so it is not possible to know what vessels are meant.

Appendix, No. 7.

HOMEWARDS.

	Officers.			Troops.		
	£.	s.	d.	£.	s.	d.
Passage Money for Officers and Non-Commissoned Officers of various Ranks, who have returned home, *viâ* Cape or *viâ* Egypt, from the several Presidencies in India during the year	701	4	5	—		
By hired ship "St. Lawrence" from Calcutta, *viâ* Cape, arrived 13th May 1870	320	–	–	1,561	5	6
For Spiritual care of the Troops	-	-	-	100	–	–
By hired ship "Renown" from Madras, *viâ* Cape, arrived 7th September 1870	143	6	8	1,143	9	11
For Spiritual care of the Troops	-	-	-	100	–	–
For Medical - ditto	-	-	-	118	8	4
By hired ship "Tweed" from Bombay, *viâ* Cape, arrived 7th July 1870	266	13	4	2,671	9	3
For Medical care of Troops	-	-	-	270	–	–
Clothing kept by Troops	-	-	-	706	–	11
By hired ship "Dilbarree" from Bombay, *viâ* Cape, arrived 24th August 1870	146	13	4	1,878	16	5
By hired ship "Carnatic" from Madras, *viâ* Cape, arrived 31st October 1870	-	-	-	46	13	4
Extras	-	-	-	25	17	11
£.	1,577	17	9	8,622	1	7
	£. 10,199. 19. 4					

STATEMENT of the Freight paid to Mr. *H. G. Temperley*, in respect of the S. S. "Warrior," and "City of Brussels," chartered by the Admiralty in October 1870, for the Conveyance of Officers and Troops, with their Families, from *Woolwich* to *Calcutta*, *viâ* the *Suez Canal.*

			£.	s.	d.		£.	s.	d.
23	Officers	at	65	–	–	including Mess	1,495	–	–
5	Ladies	„	43	6	8	„ „	216	13	4
777	Men	„	25	10	–	„ Victualling	17,482	10	–
48	Women (including Officers' Servants)	„	22	10	–	„ „	1,080	–	–
5	Children over 10 years	„	22	10	–	„ „	112	10	–
69	„ under „	„	11	5	–	„ „	776	5	–
15	Infants „ 1 year		Free				—		
							21,162	18	4
	Deduct—Expenses of conveyance of drafts from Waterford to Woolwich, as per agreement, in consideration of these extra Troops being sent out in the above named ships						300	17	10
						£.	20,862	–	6

Paid as follows:—

	£.	s.	d.
9 November 1870	3,782	4	5
15 December „	3,100	–	–
23 December „	3,782	4	5
26 January 1871	3,600	–	–
26 January „	3,275	16	8
14 February „	56	7	6
13 March „	3,000	–	–
1 May „	265	7	6
£.	20,862	–	6

Appendix, No. 7

STATEMENT of the Freight paid to Mr. *H. G. Temperley*, in respect of the S. S. "Atalanta," chartered by the Admiralty in December 1870, for the Conveyance of Officers and Troops, with their respective Families, from *Woolwich to Madras, vià the Suez Canal.*

	£.	s.	d.		£.	s.	d.
13 Officers	at 60	–	–	each, including Mess	780	–	–
2 Ladies	at 40	–	–	„ „ „	80	–	–
2 Staff Sergeants	at 21	3	4	„ „ Victualling	42	6	8
1 Woman	at 21	3	4	„ „ „	21	3	4
388 Men	at 15	17	6	„ „ „	6,159	10	–
29 Women (including Officers' Servants)	at 15	17	6	„ „ „	460	7	6
7 Children over 10 years	at 15	17	6	„ „ „	111	2	6
28 „ under „	at 7	18	9	„ „ „	222	5	–
7 Infants „ 1 year	Free			„ „ „	—		
				£.	7,876	15	–

Paid as follows:—

	£.	s.	d.
9 December 1870	5,251	3	4
19 April 1871	2,225	11	8
10 June „	300	–	–
12 October 1871	100	–	–
£.	7,876	15	–

STATEMENT of the Freight paid to Messrs. *Glover Brothers*, in respect of the S. S. "Tagus," chartered by the Admiralty in October 1870, for the Conveyance of Officers and Troops, with their Families, from *Gravesend* to *Bombay, vià* the *Suez Canal.*

	£.	s.	d.		£.	s.	d.
14 Officers	at 50	–	–	each, including Mess	700	–	–
1 Lady	at 33	6	8	„ „ „	33	6	8
238 Men	at 22	–	–	„ „ Victualling	5,236	–	–
23 Women	at 22	–	–	„ „ „	506	–	–
4 Children over 10 years	at 22	–	–	„ „ „	88	–	–
27 „ under „	at 11	–	–	„ „ „	297	–	–
3 Infants „ 1 year	Free			„ „ „	—		
				£.	6,860	6	8

Paid as follows:—

	£.	s.	d.
11 November 1870	2,286	15	7
30 December „	2,286	15	7
26 January 1871	2,000	–	–
7 March „	286	15	6
£.	6,860	6	8

Appendix, No. 7.

If the preceding Statements are reduced for comparison with the cost of the Indian Troop Service, in the manner described in the late Auditor's Report, dated 12th May 1871 (Appendix), the following rates will be given.

SHIP.	Officers.	Adults (Troops and Families).	Amount.
			£. s. d.
"Warrior" and "City of Brussels" -	23	872	21,162 18 4
"Atalanta" - - - - - -	13	444	7,876 15 –
"Tagus" - - - - - - -	14	280	6,860 6 8
TOTAL - - -	50	1,596	35,900 – –

50 Officers - = 5,000 *l.*, or 100 *l.* each.

1,596 Troops, &c. = 30,900 *l.*, or 19 *l.* 7 *s.* 2 *d.* each.

Say, adding for Incidental Expenses, Medicine, &c., rather more than 20 *l.* for each adult, *for a passage out only*, taken in connection with Freight to Calcutta, Madras, and Bombay.

If Bombay passage only be taken, it would be,—

14 Officers - = 1,400 *l.*, or 100 *l.* each.

280 Troops, &c. = 5,460 *l.*, or 19 *l.* 10 *s.* each.

Say, adding Incidental Expenses, Medicine, &c., about 20 *l.* 5 *s.* for each adult; but there is little doubt that if the whole of the Troops, both out and home, were conveyed by Merchant Steamers, these rates would be considerably reduced.

Appendix, No. 8.

PAPER handed in by Mr. *Seccombe*, C.B., 12th March 1872.

INDIAN TROOP SERVICE.

PARTICULARS of ITEM £.264,926. 15*s.* 7*d.* on page 9 of the EAST INDIA HOME Accounts, No. 21, of 1872.

PAYMENTS made during the Year 1870–71.

To Her Majesty's Paymaster General on account of the Admiralty; on Certificates signed by the Director of Transport Services, and his Assistant for India.			£. s. d.	£ s. d.
Expenses incurred in connection with the employment of "Serapis" and "Crocodile," during the season 1869–70 - - - - - - - - - - - - - - - -			41,014 17 3	
On account of the expenses of "Himalaya" and "Tamar," when employed in connection with the Overland Troop Service:				
"Himalaya," 7th January to 21st March 1870 - - - - - - - - - -			8,453 5 8	
"Tamar," 23rd February to 5th April 1870 - - - - - - - - - - -				
Expenses incurred during quarter ended 30th September 1870, sundry payments made or allowed -			16,768 6 9	
Supplies by the Naval Department during quarters ended Midsummer and Michaelmas 1870 - -			7,253 2 4	
Supplies by the Naval Department during quarters ended Midsummer and Michaelmas 1870, to "Jumna," at Portsmouth - - - - - - - - - - - - - - - -			4,362 1 10	
On account of expenses incurred in the repair of the "Jumna" (pending completion of investigation) - - - - - - - - - - - - - - - - - - -			13,000 – –	
On account of wages, &c of officers and men of the five ships engaged on the Overland Troop Service during 1869–70 - - - - - - - - - - - - - - -			33,970 6 2	
Sundry payments made or allowed during quarter ended 30th June 1870, on account of the service			3,622 11 5	
Sundry payments made or allowed during quarter ended 1st October 1869 to 31st March 1870 -			2,554 4 8	
Amount payable for wear and tear, less depreciation and insurance, of troopships "Serapis" and "Crocodile," for years 1867–68, 1868–69, and 1869–70.—*Copy of Statement annexed* - - -			15,645 2 –	
Passage, from Southampton to Alexandria, of Corporal P. Gillan - - - - - - - - -			19 – –	
		£. s d.		
Coal supplied to "Euphrates" and "Malabar," at Cape of Good Hope, in July, August, and September 1867 - - - - - - - - - - -		8,156 4 5		
Repairs, &c to, and Naval Stores supplied for Troopships:	£ s. d			
Labour and stores supplied to "Euphrates," "Jumna," and "Malabar," at the Cape of Good Hope - - - - - -	114 11 3			
Communion plate and Service books for "Euphrates" - - - -	11 3 1			
		125 14 4		
Bedding for Military Officers and Troops:				
Rope supplied for use in Royal Clearance Yard Indian Troop Bedding Store -		4 12 5		
			8,286 11 2	
For the messing of Captain Foord, Madras Staff Corps, on board the "Adventure" in 1868; the recovery of the amount from that officer having been credited to this Service in the year 1869–70			– 14 10	
				154,950 4 1

To Companies, Firms, Individuals, &c., on Certificates signed by the Director of Transport Services, and his Assistant, for India.

1870:			£. s. d.	£ s. d.
1 April -	Peninsular and Oriental Steam Navigation Company	Coals supplied to "Euphrates," "Jumna," and "Malabar," at Aden, and to "Prompt," at Suez, during January and February 1870 - - - - - (on account)	4,500 – –	
21 " -	S J Graff - - -	Remuneration to Clerks in India Branch of the Transport Department for extra work, between 9th December 1869 and 7th April 1870 - - - - - - - -	149 14 –	
29 " -	Lieut. D Farrant - -	Travelling expenses in returning to England, invalided in February 1870 - - - - - - - - - -	3 15 –	
3 May -	Peninsular and Oriental Steam Navigation Company	Coals supplied to "Euphrates," "Jumna," and "Malabar," at Aden, and to "Prompt," at Suez, during February and March 1870 - - - - - - (on account)	4,900 – –	
3 " -	Gellatly, Hankey, Sewell, & Co	Freight of provisions, &c. to Bombay in the "Balkamah" - - - - - - - - (on account)	470 – –	
5 " -	Peninsular and Oriental Steam Navigation Company.	Ice and ale supplied to Her Majesty's Indian troopships at Suez during January and March 1870 - - -	172 12 –	
5 " -	Edmiston and Son - -	Indiarubber sheets for use in women's hospitals on board "Euphrates," "Jumna," and "Malabar" - - -	4 6 –	
6 " -	B Dawson & Co - -	500 hogsheads porter shipped, per "Robin Hood," for Bombay - - - - - - - - - - -	1,143 15 –	
9 " -	Peninsular and Oriental Steam Navigation Company	Conveyance of troops, &c., to Alexandria on the steamship "Syria," in January 1870 - - - - - -	1,238 9 6	
18 " -	Pickford & Co. - -	Carriage, &c, of packages, from Her Majesty's Stationery Office to Portsmouth and Devonport during quarters ended Christmas 1869 and Lady-day 1870 - - -	– 16 5	
		Carried forward - - - £.	12,583 7 11	154,950 4 1

Appendix, No. 8.—INDIAN TROOP SERVICE—*continued.*

Date	Payee	Particulars	£.	s.	d.	£.	s.	d.
		Brought forward - - -	12,583	7	11	154,950	4	1
1870:	**To Companies, Firms, Individuals, &c.—*continued.***							
21 May -	Peninsular and Oriental Steam Navigation Company	*420 tons of coal supplied to* "Euphrates," at Aden, on 31st March 1870 - - - - - - - (on account)	1,100	-	-			
21 ,, -	Ditto - - - -	Coals supplied to Her Majesty's Indian troopships at Aden, between 1st May 1868 and 31st March 1869 - - - - - £. 29,780 s. 18 d. - Less, already paid on account - - 28,814 9 -	966	9	-			
26 ,, -	Gellatly, Hankey, Sewell, & Co.	Freight of provisions, &c to Bombay, in the "Balkamah" - - - - - - - - - (balance)	22	4	10			
28 ,, -	Peninsular and Oriental Steam Navigation Company.	Conveyance of three Military officers, who could not be accommodated in "Himalaya" or "Serapis," from Alexandria to Southampton, in "Tanjore" and "Massilia," March, 1870 - - - - - - - - -	75	-	-			
1871.								
28 May -	H. Cook, late Chief Engineer of the "Malabar."	Travelling and subsistence expenses incurred proceeding from Suez to Alexandra to join the "Crocodile" for passage home, and in attending at the Admiralty to give explanations relative to the engines of the "Malabar" -	5	13	11			
7 June -	Assistant Surgeon R. B. O'Toole.	Expenses incurred proceeding to Poonah in charge of Mr. Eyers, Chief Engineer "Euphrates," in July 1869 -	6	15	-			
7 ,, -	J. C Kay - - -	Salary as Second Engineer of the "Prompt," at Suez, for May 1870 - - - - - - - - - -	15	-	-			
8 ,, -	J Gillett - - -	Salary as Orderly Serjeant Clerk at Suez, for May 1870 -	9	2	6			
9 ,, -	Peninsular and Oriental Steam Navigation Company.	Stores supplied to "Prompt," and Victoria Hospital, Suez, in March 1870; and ice and ale supplied to "Jumna" in May 1870 - - - - - - - - -	188	13	5			
10 ,, -	Col. J. D. Carmichael -	Salary, for May 1870, as Deputy Quartermaster General in Egypt - - - - - - - - - -	100	-	-			
13 ,, -	Captain Cruttenden -	Expenses incurred in visiting Portsmouth; railway, subsistence, &c., on 6th and 7th June - - - - - -	2	14	-			
14 ,, -	E. A. S Mignon - -	Salary as Accountant Officer at Alexandria, for May 1870	54	3	4			
22 ,, -	R. Allen, late Paymaster of the "Euphrates."	Travelling expenses, Bombay to Southampton, in May 1870 - - - - - - - - - - -	13	12	6			
29 ,, -	B. Dawson & Co. - -	500 hogsheads of Porter, shipped per "Gitana," for Bombay - - - - - - - - - -	1,143	15	-			
29 ,, -	Captain Cruttenden -	Expenses incurred in visiting Portsmouth; railway, subsistence, &c, on 24th June - - - - - -	2	6	-			
6 July -	Her Majesty's Paymaster General, for War Office.	Three-fifths of the value of medicines, &c., supplied to the Military Dispensaries on the "Crocodile" and "Serapis," between 1st Sept. 1868 and 14th Feb. 1869 - - -	43	2	10			
7 ,, -	Ditto - - -	Proportion chargeable to Indian Funds of the value of medicines, &c., supplied to Military Dispensaries on "Crocodile" and "Serapis," between 1st Sept. 1867 and 31st May 1868 - - - - - - - - -	4	5	6			
9 ,, -	J. Gillett - - -	Salary as Orderly Serjeant Clerk at Suez, for June 1870 -	9	2	6			
11 ,, -	J C Kay - - -	Salary as Second Engineer of steam tug "Prompt," at Suez, for June 1870 - - - - - - - -	15	-	-			
11 ,, -	Gellatly, Hankey, Sewell, & Co.	Freight, per "Gitana," to Bombay - - - - - -	116	13	4			
12 ,, -	E A. S. Mignon - -	Accountant officer at Alexandria, salary for June - -	54	3	4			
12 ,, -	G. Jennings - - -	12 large and 12 small washers for "Pull-up" urinal - -	1	10	-			
15 ,, -	Peninsular and Oriental Steam Navigation Company.	Balance payable on account of coals for the tugs "Prompt" and "Hasty," supplied at Aden and Suez during 1869–70	1,017	3	7			
15 ,, -	W. Gray - - -	Salary as Deputy Surveyor, 20th to 30th June 1869 - -	16	14	7			
19 ,, -	Capt. J. B. Willoughby -	Salary as Principal Transport Officer in Egypt, for June 1870 - - - - - - - - - - - -	100	-	-			
19 ,, -	T M'Gregor - - -	Salary as Chief Engineer of steam tug "Hasty" for June 1870	17	-	-			
21 ,, -	Col. J D Carmichael -	Salary as Deputy Assistant Quartermaster General in Egypt - - - - - - - - - - -	100	-	-			
22 ,, -	Grant, Gillman, and Long, on account of Staff Commander Perry.	Pilotage due for services on board the "Jumna," from January to May 1870 - - - - - - - -	22	10	-			
25 ,, -	B. Symons - - -	Absentee allowance, 24th May to 24th June 1870 - -	13	3	-			
26 ,, -	Lachlans, M'Leod & Co. -	Final balance of claim for freight of troops in hired transport steamship "Helvetia" - - - - - -	45	2	6			
27 ,,	F. H. Atkins & Co. -	One ton prepared animal charcoal, and sacks - - -	24	-	-			
29 ,,	Her Majesty's Paymaster General.	Publications, supplied by the Stationery Office during the year ended 31st March 1870 - - - - - - -	17	18	4			
1 Aug. -	Peninsular and Oriental Steam Navigation Company.	Sundry repairs to steam launch at Suez, in July 1869 - - - - - - - - - - £ 50 s. - d. -						
1 ,,	Ditto - - - -	Passage of 15 stokers from Southampton to Alexandria, to join the "Jumna" in April 1870 - - - - - - - - - 120 - -	170	-	-			
1 ,, -	Ditto - - - -	Passage of native firemen and trimmers of "Jumna," from Suez to Bombay, in May 1870 - - - - - -	543	-	-			
2 ,,	H. Barnes & Co. - -	Freight of victualling and other stores from Liverpool to Bombay in "Bohemia," shipped, 16th July 1870 - -	266	1	9			
		Carried forward - - - £.	18,885	8	8	154,950	4	1

Appendix, No. 8.—INDIAN TROOP SERVICE—*continued.*

			£.	s.	d.	£.	s.	d.
		Brought forward - - -	18,885	8	8	154,950	4	1
	To Companies, Firms, Individuals, &c.—*continued*							
1870:								
4 Aug. -	European Assurance Society.	Expenses of bond for E. Faulkner, Paymaster of "Euphrates" - - - - - - - - - -	4	10	-			
4 " -	Peninsular and Oriental Steam Navigation Company.	Freight of charcoal per "Australia" to Bombay - -	18	7	4			
11 " -	Her Majesty's Paymaster General.	Army Hospital Stores, supplied to Victoria Hospital, Suez, during January and February 1868 - - - -	4	9	8			
13 " -	J. Gillett - - -	Salary for July 1870 - - - - - - - -	8	10	-			
15 " -	Captain J. B. Willoughby	- ditto - - - - - - - - - -	100	-	-			
15 " -	Colonel J D Carmichael	- ditto - - - - - - - - - -	100	-	-			
16 " -	E. A. S Mignon - -	- ditto - - - - - - - - - -	54	3	4			
16 " -	J. C Kay - - -	- ditto - - - - - - - - - -	15	-	-			
16 " -	H Baines & Co. - -	Freight of stores shipped from Liverpool to Bombay, per "Sicilian" - - - - - - - - - -	389	19	1			
17 " -	J M'Gregor - - -	Salary for July 1870 - - - - - - -	17	-	-			
18 " -	Dr J A Woolfreyes -	- ditto - - - - - - - - -	91	7	4			
8 Sept. -	J. C Kay - - -	Balance of pay to 6th August - - - - - -	2	18	1			
8 " -	Peninsular and Oriental Steam Navigation Company.	94 tons of water supplied to the "Jumna" - - -	18	16	-			
10 " -	Captain J. B. Willoughby	Salary for August 1870 - - - - - - -	100	-	-			
10 " -	Serjeant J. Gillett - -	- ditto - - - - - - - - - -	9	2	6			
12 " -	Stoddart Brothers - -	Freight on 42 cases carbolic acid, Liverpool and Bombay, per "Stowell" - - - - - - - - -	10	2	1			
13 " -	W W. & R. Johnston and Sons	Lead, oil, turpentine, varnish, &c, for Royal Victoria Hospital, Suez - - - - - - - - - -	74	7	10			
13 " -	Robertson & Co. - -	Freight on army hospital stores, medicines, &c, for Royal Victoria Hospital, Suez - - - - - - -	1	1	-			
13 " -	Colonel J D. Carmichael	Salary for August 1870 - - - - - - -	100	-	-			
13 " -	E A. S Mignon - -	- ditto - - - - - - - - - -	54	3	4			
14 " -	Dr. J. A. Woolfreyes -	- ditto - - - - - - - - - -	91	7	4			
15 " -	J. Kirk - - - -	One set each, leader and wheeler harness for mules, and packing case - - - - - - - - - -	15	-	-			
24 " -	J Mackinlay, Chief Engineer, &c., Bombay Dockyard.	Travelling expenses and subsistence allowance, attending trial of "Jumna's" engines at Portsmouth - - -	5	3	6			
29 " -	R. Stirrat - - -	Advance of one month's pay on appointment as second engineer of steam-tug "Prompt" - - - - - -	15	-	-			
29 " -	J M'Gregor - -	Advance of one month's pay on appointment as second engineer of steam tug "Hasty" - - - - -	15	-	-			
5 Oct. -	Nye and Burbridge -	Wine for general mess, Her Majestys ship "Jumna" -	155	-	-			
5 " -	Bull and Weale -	- ditto - - ditto - - - - - - -	6	-	-			
5 " -	Stokes & Co. - - -	- ditto - - ditto - - - - - - -	35	-	-			
7 " -	Robertson & Co. -	Freight of one package army clothing from London to Suez, per steamship "Erl King" (for Army Hospital Corps at Suez Hospital) - - - - - - -	1	1	-			
7 " -	G Peters & Co. - -	Wine for general mess, Her Majesty's ship "Jumna" -	192	-	-			
10 " -	R W. C. Richardson -	Travelling expenses and subsistence allowance of Captain Cruttenden and Mr. Richardson, absent from London on duty connected with the troop service, in July, August and September, 1870 - - - - - -	13	-	-			
15 " -	H. Evans - - -	100 gallons sperm oil, at 8 *s.* - - - - - - -	40	-	-			
17 " -	European Assurance Society	Premium on bond entered into with G H Whillier, Paymaster, "Malabar" - - - - - - - - -	4	-	-			
20 " -	R. Allen - - -	Amount advanced by him whilst Paymaster of the "Euphrates," for payment of losses by troops in March 1870, and now recovered through War Office - -	21	3	8			
21 " -	White and Price - -	Wine for general mess of Her Majesty's ship "Jumna" -	15	16	-			
22 " -	H. Smith & Co. - -	- ditto - - ditto - - - - - - -	4	-	-			
22 " -	Anglo - Mediterranean Telegraph Company.	Telegrams transmitted between 1st January and 30th June 1870 - - - - - - - - - - -	47	10	-			
25 " -	Captain F D Rick, late of 'Malabar."	Carriage hire whilst on shore at Bombay in July, August, and September, 1869 - - - - - - -	28	10	-			
26 " -	R. and J Slack - -	Repairing three knife-machines, and supplying two canisters knife powder - - - - - - - - -	17	5	-			
28 " -	Her Majesty's Paymaster General for War Office.	Gunners' stores supplied to Her Majesty's ship "Crocodile," in May 1870 - - - - - - - - - -	9	16	6			
29 " -	G Myers and Sons -	Screws and keys - - - - - - - - -	13	5	-			
5 Nov. -	Her Majesty's Paymaster General	Small stores, paper, &c supplied by Stationery Office, quarter ended 24th June 1870 - - - - -	21	12	5			
5 " -	Peninsular and Oriental Steam Navigation Company.	Passages, England to Bombay, of Messrs. Winter and Thompson, engineers, two leading stokers and one joiner, in July 1870, to join "Euphrates" and "Malabar" -	283	15	-			
7 " -	T. and D. Henry - -	Troop bedding for Indian Store at Royal Clarence Yard -	5	-	-			
7 " -	B Symons - - -	Absentee allowance, quarter ended 29th September 1870 -	37	10	-			
8 " -	Colonel J. D Carmichael	Balance of salary 1st to 15th September 1870 - - -	50	-	-			
8 " -	E. and C Winch - -	Wine for general mess of Her Majesty's ship "Jumna" -	53	12	-			
10 " -	Colonel Primrose, Deputy Quartermaster General in Egypt.	Passage to Alexandria - - - - - - - -	25	-	-			
11 " -	Elkington & Co - -	Plated goods for store at Bombay - - - - - -	5	4	2			
		Carried forward - - - £.	21,285	17	10	154,950	4	1

Appendix, No. 8.—Indian Troop Service—*continued.*

						£.	s.	d.	£.	s.	d.
		Brought forward - - -				21,285	17	10	154,950	4	1
		To Companies, Firms, Individuals, &c.—*continued.*									
1870:											
12 Nov. -	Peninsular and Oriental Steam Navigation Company.	Freight of nails for "Prompt," and blue lights for hospital at Suez - - - - - - - - - - -				4	10	4			
15 " -	T. Haviside & Co. - -	Freight of provisions to Bombay, per "Weathersfield," in 1867 - - - - - - - - - -				524	19	2			
15 " -	Maudslay, Son, & Field -	Carriage from London to Portsmouth of spare crankshaft for Her Majesty's ship "Jumna" - - - - - -				12	11	9			
15 " -	Bank of England - -	Freight of 17,750 sovereigns to Alexandria - - -				68	–	3			
17 " -	G. Smith & Co - -	Framework of a skittle alley for hospital at Suez - -				30	15	5			
			£.	s.	d.						
22 " -	Peninsular and Oriental Steam Navigation Company.	Coals for "Malabar" at Aden, in October 1870 - - - - - - - - -	1,172	10	–						
22 " -	Ditto - - - -	Freight of stores for Suez Hospital - -	1	3	6	1,173	13	6			
22 " -	S. J. Fletcher - -	Premium of insurance (fire) of Suez Hospital, year ending 5th November 1871, in Sun Fire Office - - - - -				200	–	–			
26 " -	H. Thomson - - -	Premium of insurance of Suez Hospital (20,000 *l.*), year ending 5th November 1871, in Liverpool, London, and Globe Office - - - - - - - - - -				200	–	–			
30 " -	Pickford & Co. - -	Carriage of packages from Stationery Office during the Michaelmas Quarter 1870 - - - - - - -				1	15	2			
1 Dec. -	London and South Western Railway Company.	Carriage of sundry stores from London to Portsmouth for Her Majesty's ship "Jumna" - - - - - -				10	10	8			
2 " -	Elkington & Co. - -	Electro plate for "Jumna" - - - - - - -				87	10	8			
3 " -	J. G. West & Co. - -	Compass for "Euphrates," and repairs to the compasses of the "Jumna" - - - - - - - - - -				33	19	6			
6 " -	Assistant Surgeon J. Davies.	Refund of deduction made from his Bombay furlough pay, for the quarter ending 31st October 1870 - - -				5	12	–			
7 " -	Her Majesty's Paymaster General for War Office.	Medicines, &c supplied to "Serapis" and "Crocodile," between 1st January 1868 and 27th March 1869 - -				80	6	9			
8 " -	Jukes, Coulson, & Co. -	Four galvanized pipes for hospital at Suez - - -				5	14	–			
	Bull and Weale - -	Wine for general mess of "Jumna" - - - - -				3	–	–			
9 " -	Nye and Burbridge -	- ditto - - ditto - - - - - - -				77	10	–			
9 " -	Stokes & Co. - -	- ditto - - ditto - - - - - - -				17	14	8			
10 " -	European Assurance Company	Premium on bond for Mr. R. Deveson, the Paymaster of "Jumna" - - - - - - - - - - -				4	–	–			
10 " -	J. Stirrat - - -	On account of salary of R. Stirrat, Second Engineer of the "Prompt," for November 1870 - - - - -				7	–	–			
10 " -	Janet M'Gregor - -	On account of salary of J M'Gregor, Second Engineer of the "Hasty," for November 1870 - - - - -				7	–	–			
10 " -	Peninsular and Oriental Steam Navigation Company.	Freight of seamen's clothing to Bombay in September 1870				15	–	5			
12 " -	G Peters & Co. - -	Wine for general mess of "Jumna" - - - - -				48	–	–			
14 " -	J. Wixley - - -	Skittles, balls, case, &c - - - - - - - -				2	6	8			
14 " -	Her Majesty's Paymaster General for War Office.	Gunners' stores supplied to three Indian ships in June and July 1867, and three-fifths of value of gunners' stores supplied to "Serapis" and "Crocodile," from August 1867 to April 1869 - - - - - - - -				1,984	8	–			
16 " -	Nye and Burbridge -	Wine for general mess of "Euphrates" - - - - -				62	–	–			
16 " -	Bull and Weale -	- ditto - - ditto - - - - - - -				6	8	–			
16 " -	W. G. Chambers & Co. -	Groceries for general mess of "Euphrates" (two-thirds advance on account) - - - - - - - -				61	17	6			
17 " -	Her Majesty's Paymaster General for War Office.	Gunners' stores supplied to five Indian ships in 1867–8 (first outfit), and three-fifths of value of supplies to "Serapis" and "Crocodile," between August 1867 and January 1869 - - - - - - - - -				5,147	16	–			
27 " -	S Clarke & Co. - -	Coals supplied to troopships at Suez in October 1870 -				5,602	8	–			
28 " -	R. and J. Slack - -	Carving forks supplied for store at Bombay in 1868 - -				–	15	–			
29 " -	Peninsular and Oriental Steam Navigation Company.	Passages, England to Bombay, of Assistant Engineer J. Laird, five boatswains, two petty officers, and five seamen, and an assistant baker, in August 1870 - -				704	–	–			
1871:											
9 Jan. -	Her Majesty's Paymaster General for War Office.	Gunners' stores for "Serapis," and clothing for orderly clerks in Egypt - - - - - - - - -				9	13	5			
9 " -	Ditto - - - - -	Gunners' stores supplied to "Serapis" and "Crocodile," September 1869 to January 1870 - - - - -				34	7	3			
13 " -	Stephenson, Clarke, & Co.	978 tons of coals, at 47 *s.*, supplied to the "Jumna" at Suez				2,298	6	–			
13 " -	Bank of England - -	Freight and charges on 10,000 *l.* in English sovereigns, transmitted to Alexandria - - - - - - -				38	6	10			
14 " -	H. Smith & Co. - -	Wines for general mess of "Jumna" and "Euphrates," November 1870 - - - - - - - - -				6	16	–			
17 " -	J. Stirrat - - -	On account of salary of R. Stirrat, Second Engineer, "Prompt," for December 1870 - - - - -				7	–	–			
21 " -	Pellatt & Co. - - -	Glass tumblers supplied for the "Malabar," November 1870				3	–	–			
23 " -	White & Price - -	Wines for general mess of "Jumna," November 1870 -				9	4	–			
25 " -	Her Majesty's Paymaster General.	Supplies from Stationery Office during Michaelmas Quarter 1870 - - - - - - - - - - -				60	16	2			
30 " -	Stokes & Co. - - -	Wines for general mess of "Euphrates," supplied in December 1870 - - - - - - - - -				39	2	2			
30 " -	Nye and Burbridge -	- ditto - - ditto - - - - - - -				30	–	–			
30 " -	H. Smith & Co. - -	- ditto - - ditto - - - - - - -				2	16	–			
30 " -	W. G. Chambers & Co. -	- ditto - - ditto - - - - - -				30	18	9			
		Carried forward - - - £.				40,047	7	10	154,950	4	1

Appendix, No. 8.—INDIAN TROOP SERVICE—*continued.*

Date	Payee	Particulars	£.	s.	d.	£.	s.	d	£.	s.	d.
		Brought forward - - -				40,047	7	10	154,950	4	1
		To Companies, Firms, Individuals, &c.—*continued.*									
1871: 30 Jan. -	H Smith & Co. - -	Wines for general mess of "Jumna," supplied in December 1870 - - - - - - - - - -				2	–	–			
30 " -	Stokes & Co. - - -	- ditto - - ditto - - - - - - -				17	5	4			
30 " -	Nye & Burbridge - -	- ditto - - ditto - - - - - - -				77	10	–			
31 " -	J. Watson - - -	Washing troop bedding (hammocks) for "Serapis" and "Crocodile," between 11th November and 13th December 1870 - - - - - - - - - -				61	–	4			
31 " -	Bull & Weale - -	Wines for general mess of "Euphrates," supplied in December 1870 - - - - - - - - - -				2	–	–			
31 " -	Ditto - - - -	Wines for general mess of "Jumna," supplied in December 1870 - - - - - - - - - -				3	–	–			
31 " -	G. Peters & Co. - -	- ditto - - ditto - - - - - - -				48	16	–			
1 Feb. -	Peninsular and Oriental Steam Navigation Company.	Freight to Suez of Army clothing for Serjeant Clerks in Egypt, October 1870 - - -	£. 1	s. 6	d. –						
		Passage (second class) to Bombay of a ship's cook for troops for Her Majesty's ship "Malabar," September 1870 - - -	47	–	–						
						48	6	–			
2 " -	Her Majesty's Paymaster General.	*Small stores, paper, &c., supplied from Her Majesty's* Stationery Office during quarter ended 25th March 1870 -				32	12	2			
3 " -	J. S. White - - -	Three steam pinnaces supplied, August 1870, for three Indian troopships - - - - - - - - -				1,741	17	6			
3 " -	A. Casartelli - - -	Repairs to superheater thermometer of "Euphrates" -				12	3	–			
10 " -	J. Stirrat - - -	On account of salary of R Stirrat, Second Engineer, "Prompt," for January 1871 - - - - -				7	–	–			
14 " -	Peninsular and Oriental Steam Navigation Company	150 tons of coals supplied to "Jumna," at Aden, 19th December 1870 - - - - - - - - -				418	15	–			
15 " -	Ditto - - - -	Freight to Suez, per "Delhi," of stores for Royal Victoria Hospital - - - - - - - - - -				–	15	8			
21 " -	Stephenson, Clarke, & Co.	Coals supplied to "Hasty," at Port Said, on 3rd and 10th October 1870, 17 tons at 33*s*. -	£ 28	s 1	d –						
		Coals supplied to "Prompt," at Port Said, on 4th and 31st October, and 30th November 1870, 21 tons at 33*s* and 25 tons at 47*s*. -	93	8	–						
		Coals supplied to "Euphrates," at Suez, on 8th January 1871, 1,020 tons at 47*s*. -	2,397	–	–						
						2,518	9	–			
23 " -	Peninsular and Oriental Steam Navigation Company.	150 tons of coals supplied to "Jumna," at Aden, 20th January 1871 - - - - - - - - -				386	5	–			
7 Mar. -	Stephenson, Clarke, & Co.	939 tons of coals supplied to "Malabar," at Suez, 23rd January 1871 - - - - - - - - -				2,206	13	–			
7 " -	Bank of England - -	Freight on shipment of 8,500 sovereigns to Alexandria -				82	13	11			
13 " -	B. Symons - - -	Absentee allowance, quarter ended 25th December 1870 -				37	10	–			
15 " -	J. Stirrat - - -	On account of salary of Robert Stirrat, Second Engineer, "Prompt," for February 1871 - - - - -				7	–	–			
15 " -	J. Spill & Co - -	Stock for re-issue, 138 waterproof coats repaired and re-dressed, at 1*s* 6*d*. - -	£ 10	s 7	d –						
		Stock for re-issue; 136 waterproof hats repaired and re-dressed, at 6*d* - - -	3	8	–						
						13	15	–			
16 " -	Sir W. Mitchell - -	Two code lists of ships for 1871, for Indian troopships -				–	9	–			
25 " -	Her Majesty's Paymaster General.	Books and binding supplied by Stationery Office for Military Library of "Serapis" (3-5ths) - - - -				29	5	–			
31 " -	Stephenson, Clarke, & Co	Coals supplied to "Jumna," and to tugs "Hasty" and "Prompt," February 1871 - - - - - -				2,183	12	4			
									49,936	1	1

ADVANCES made during the Year 1870–71 to Sub-Accountants of the Service, by request of the Director of Transport Services, or on Bills of Exchange, Advices of which have been transmitted to the India Office by the Director of Transport Services:

Date	Payee	Particulars	£.	s.	d.	£.	s.	d.
1870: 2 April -	H. Arnould - - -	Bill, dated 16th March 1870, drawn by G. H. Whillier, Paymaster, "Malabar" - - - - - - -	484	–	9			
4 " -	J. Tucker - - -	Bill, dated 19th March 1870, drawn by Captain J B Willoughby - - - - - - - - -	300	–	–			
9 " -	H. Arnould - - -	Bill, dated 25th March 1870, drawn by R. Allen, Paymaster, "Euphrates" - - - - - - -	616	3	9			
22 " -	Ditto - - - -	Bill, dated 31st March 1870, drawn by Captain J. B. Willoughby - - - - - - - - -	1,554	8	9			
9 May -	G. Peters & Co. - -	Bill, dated 28th March 1870, drawn by G. H. Whillier, Paymaster, "Malabar" - - - - - -	333	7	3			
11 " -	W. G. Chambers & Co. -	- ditto - - ditto - - - - - -	195	5	11			
11 " -	G. E. Amass - - -	- ditto - - ditto - - - - - -	57	8	6			
		Carried forward - - - £.	3,540	14	11	204,886	5	2

Appendix, No. 8.—INDIAN TROOP SERVICE—*continued.*

			£.	s.	d.	£.	s.	d.
		Brought forward	3,540	14	11	204,886	5	2
		Advances made during the Year 1870-71 to Sub-Accountants, &c.—*continued.*						
1870: 13 May	Bank of Egypt	Bill, dated 26th April 1870, drawn by Captain J. B. Willoughby	2,000	–	–			
27 „	Ditto	Bill, dated 12th May 1870, drawn by Captain J. B. Willoughby	2,000	–	–			
27 „	H. Arnould	Bill, dated 11th May 1870, drawn by Captain J. B. Willoughby	256	7	5			
9 June	Ditto	Bill, dated 12th April 1870, drawn by R. Allen, Paymaster, "Euphrates"	168	7				
9 „	W. G. Chambers & Co.	ditto ditto	657	–	9			
11 „	G. Peters	ditto ditto	1,361	1	–			
20 „	J Tucker	Bill, dated 4th June 1870, drawn by Captain J. B. Willoughby	450	–	–			
18 July	Ditto	Bill, dated Alexandria, 30th June 1870, drawn by Commander A W. Chitty	500	–	–			
7 Sept.	H. Arnould	Bill, dated Alexandria, 18th August 1870, drawn by Commander A. W. Chitty	176	11	–			
27 „	G. Peters & Co.	Bill, dated 15th August 1870, drawn by G. H. Whillier, Paymaster, "Malabar"	1,350	4	–			
15 Oct.	Bank of Egypt	Bill, dated Alexandria, 24th September 1870, drawn by Commander A. W. Chitty	1,000	–	–			
17 „	J. Tucker	Bill, dated Alexandria, 29th September 1870, drawn by Commander A W. Chitty	500	–	–			
31 „	The Suez Canal Company	Bill, dated Port Said, 5th October 1870, drawn by R. Deveson, Paymaster, "Jumna"	1,251	10	–			
2 Nov.	Bank of England	In repayment of 17,750 *l.* in English sovereigns, transmitted to Captain J. B Willoughby, per Peninsular and Oriental Steam Navigation Company's steamer, from Southampton, 5th November	17,750	–	–			
2 „	G Peters & Co.	Bill, dated Her Majesty's ship "Malabar," 16th September 1870, drawn by G H. Whillier, Paymaster	58	4	–			
12 „	Bank of Egypt	Bill, dated Alexandria, 27th October 1870, drawn by Captain J. B. Willoughby	1,200	–	–			
12 „	H. Arnould	Bill, dated Suez, 23rd October 1870, drawn by Paymaster E. Faulkner, Her Majesty's ship "Euphrates"	682	18	4			
15 „	J. Tucker	Bill, dated Alexandria, 29th October 1870, drawn by Captain J. B. Willoughby	300	–	–			
15 „	G. Peters & Co	Bill, dated Suez, 20th October 1870, drawn by Paymaster E. Faulkner, Her Majesty's ship "Euphrates"	608	16	–			
17 „	W. G. Chambers & Co.	ditto ditto	459	10	3			
22 „	G E. Amass	ditto ditto	99	9	4			
6 Dec.	Ditto	Bill, dated Suez, 18th November 1870, drawn by Paymaster G. H. Whillier, Her Majesty's ship "Malabar"	93	7	11			
6 „	G. Peters & Co	Bill, dated Suez, 15th November 1870, drawn by Paymaster G. H. Whillier, Her Majesty's ship "Malabar"	280	7	–			
9 „	W G. Chambers & Co.	ditto ditto	384	4	2			
22 „	Ditto	Bill, dated Suez, 30th November 1870, drawn by Paymaster G H Whillier, Her Majesty's ship "Malabar"	405	1	2			
31 „	H. Arnould	Bill, dated 10th December 1870, Her Majesty's ship "Jumna," drawn by R. Deveson, Paymaster	342	2	11			
1871: 5 Jan.	Bank of England	In repayment of 10,000 *l* in English sovereigns, transmitted to Captain J. B. Willoughby, per Peninsular and Oriental steamer from Southampton, 7th January	10,000	–	–			
5 „	G Peters & Co.	Bill, dated "Euphrates," 16th December 1870, drawn by E. Faulkner, Paymaster	108	15	–			
11 „	W. G Chambers & Co.	ditto ditto	61	15	8			
26 „	G. Peters & Co.	Bill, dated "Jumna," 18th December 1870, drawn by R Deveson, Paymaster	137	7	6			
30 „	W. G. Chambers & Co.	ditto ditto	215	9	11			
4 Feb.	H. Arnould	Bill, dated "Euphrates," 16th January 1871, drawn by T. W. Snell, Assistant Paymaster	662	13	5			
11 „	Ditto	Bill, dated "Euphrates," 31st December 1870, drawn by T. W. Snell, Assistant Paymaster	192	8	10			
28 „	Bank of England	In repayment of 8,500 *l* in English sovereigns, transmitted to Captain Willoughby, per Peninsular and Oriental steamer, 4th March	8,500	–	–			
13 Mar.	J. Tucker	Bill, dated Alexandria, dated 24th February 1871, drawn by Captain Willoughby	750	–	–			
25 „	Ditto	Bill, dated Alexandria, dated 11th March 1871, drawn by Captain Willoughby	600	–	–			
		Transfer for use, on this service, of balance in the hands of Captain J. B Willoughby, at the close of his accounts relating to the Abyssinian Expedition	936	2	11			
						60,040	10	5
					£.	264,926	15	7

India Office, 11 March 1872.

T. W. Keith, Accountant.

STATEMENT of Amount payable by the Indian Government for Wear and Tear, less Depreciation and Insurance, of Her Majesty's Indian Troopships "Serapis" and "Crocodile," on account of the Years 1867–8, 1868–9, and 1869–70.

	Wear and Tear.	Cost of Construction and Equipment.				
		£. s. d		£. s d	£. s. d.	£. s d.
1867–8 and 1868–9	"Serapis" - - -	204,574 7 6				
	"Crocodile" - -	202,454 17 5				
	£.	*407,029 4 11	at 8 per cent. for 2 years -	65,124 13 8		
1869–70	"Serapis" - - -	204,574 7 6				
	"Crocodile" - -	203,719 3 7				
	£	408,293 11 1	at 8 per cent. for 1 year. -	32,663 9 8		
			£.	97,788 3 4	⅗ths thereof -	58,672 18 -
	Abate,— Replacement of Capital -	407,029 4 11	at 4 per cent. for ⅖ths of 2 years	13,024 18 9		
	Ditto - - -	408,293 11 1	at 4 per cent. for ⅖ths of 1 year	6,532 13 10	19,557 12 7	
1867–8	Insurance - - -	407,029 4 11	at 5 per cent. for ⅖ths of a year	8,140 11 8		
1868–9	Ditto - - -	†390,748 1 6	- ditto - ditto -	7,814 19 3		
1869–70	Ditto - - -	‡375,731 4 3	- ditto - ditto -	7,514 12 6	23,470 3 5	43,027 16 -
					£.	15,645 2 -

* Exclusive of cost of the raft for the "Crocodile," which was not completed until August 1869.

† Less 1-25th depreciation

‡ Less 2-25ths depreciation, plus the cost of "Crocodile's" raft.

J. Beeby,
Accountant General of the Navy.

This claim has been duly noted in the Books of the Indian Branch of this Department, and we certify that the sum of 15,645 *l* 2 *s* appears to be due, as shown in the foregoing Statement

W. R. Mends,
Director of Transport Services.

C. J. Cruttenden,
Deputy Director and Assistant for India

Admiralty, S W.,
20 March 1871.

Appendix, No. 9.

PAPERS handed in by Mr. *Harrison.*

Appendix, No. 9.

COPY MILITARY DESPATCH to *Bombay*, dated 16th February 1871, No. 10, stating the Terms of Service of Officers in the Turret Ships for the Defence of Bombay Harbour.—Question 5302.

1. IN continuation of my Military Despatch, No. 138, dated 8th December 1870, paragraph 17, respecting the two turret ships intended for the defence of the harbour of Bombay, I have now to inform you of the various arrangements which have been made regarding the Navigating Lieutenant and Chief Engineer of the "Abyssinia," and the Warrant Officers of both vessels.

Dated 24 October 1870.

2. Mr. J. Mackinlay, the Chief Engineer and Inspector of Machinery in the dockyard at your Presidency, being in this country at the time of the trial of the "Magdala," at Sheerness, was directed to attend thereat. This he did on the 21st October 1870, and a copy of his remarks on the trial is herewith forwarded.

3. The following statement (*see* page 543) will show the names of the officers who have been appointed for service in these two vessels, as well as all information regarding their pay, allowances, and family money arrangements, &c.

3.

4. It has been arranged with the Lords Commissioners of the Admiralty, that the time served by all these officers under the Indian Government shall be allowed to count towards full half-pay and retirement (or pension, as the case may be), as all of them have been brought under the provisions of the Order in Council of the 22nd February 1870, section 7, clause 3, copies of which, applicable to the respective grades of the officers, are enclosed for your information.

To India, dated 7 November 1870. From India, dated 19 November 1870

5. As regards the chief engineer of the "Magdala," he will have him appointed in India, as stated in the telegrams to and from the Government of India, copies of which are enclosed.

Dated 17 December 1870.

6. A copy of a letter from the Admiralty regarding a payment due to Mr. Marwood, of the "Abyssinia," accompanies, and I request that you will cause him to be paid the amount.

7. I have also to request that the equivalent of 16*s.* 6*d.* may be paid to Mr. Ayres, of that vessel, for his expenses in proceeding from Plymouth to Portsmouth, in order to enable him to take passage in the Indian troopship "Crocodile," so as to join the "Abyssinia" at Bombay, the Admiralty having been informed that that sum should be paid when at Bombay.

8. The navigating lieutenant for the "Magdala" has not yet been selected by the Admiralty; so soon as he shall have been, you shall be made aware thereof.

No. 257, dated 20 October '70 and enclosures.

9. A copy of the Military Despatch which was addressed to the Government of India on the subject of those two vessels, as also a copy of the enclosures thereto, is enclosed for your information, and I request that a copy of this Despatch (No. 10) may be forwarded to the Government of India, in order that they may be in full possession of all the arrangements which have been made regarding these two vessels.

OFFICERS appointed for Service in the Turret Ship "Abyssinia."

Names and Rank.	Addresses.	Date of Appointment.	Rates of Pay and Allowances	Rates of Indian Allowances.	Amount of Naval Pay Allowances.	Family Money.	Went to Bombay.
Frederick J. Ray, navigating lieutenant	Shirley Cottage, Beechen Cliff, Bath	21 Nov. 1870	Full pay, 16 s. a day, and the usual rate of command money granted to officers in the Royal Navy, from such time as he may assume the command of the vessel in India.	Of a captain in the Army.	- - -	- - -	Indian troop ship "Crocodile," 31st December 1870.
John Marwood, chief engineer.	"Abyssinia" - - -	25 Oct. "	s. d. Full pay - - - - - 12 - a day Allowances for charge of engines, 200 horse power - 1 6 "	- ditto -	Three months at 12 s. a-day.	- - -	"Abyssinia," 23rd November 1870, from Gravesend.
Robert Ayres, gunner, 1st class.	"Cambridge," at Devonport.	18 Nov. "	Full pay - - - - - - 7 6 " If in charge of stores - - 1 6 "	Of a lieutenant in the Army.	£. 50, at 8 s. a-day -	- - -	Indian troop ship "Crocodile," 31st December 1870.
Richard Bayley, boatswain, 1st class.	"Boscawen," at Portland	18 Nov. "	Full pay - - - - 7 6 " If in charge of stores - - 1 6 "	- ditto - - -	Two months at 8 s. a-day.	All his pay, at 8 s a day, from 18th January 1871, to his wife in England.	- - ditto.
Peter Simmonds, carpenter, 2nd class.	"Asia," at Portsmouth -	18 Nov. "	Full pay only - - - - - 6 - " Tool money - - - - - 3 "	- ditto - - -	Two months at 6 s. 3d. a-day	All his pay, at 6 s 3 d. a day, from 18th January 1871, to his wife in England.	- - ditto.

OFFICERS appointed for Service in the Turret Ship "Magdala."

Names and Rank.	Addresses.	Date of Appointment.	Rates of Pay and Allowances	Rates of Indian Allowances.	Amount of Naval Pay Allowances.	Family Money.	Went to Bombay.
(3—163) Thomas Ingram, gunner, 1st class.	"Bellerophon," at Portsmouth.	17 Dec 1870	s d Full pay - - - - - 7 6 a day Store allowance - - 1 6 "	Of a lieutenant in the Army	Two months at 8 s a day	All his pay, at 8 s. a day, from the 17th February 1871, to his wife in England.	Indian troop ship "Crocodile," 31st December 1870.
(3—262) Henry Bellehamby, boatswain, 2nd class.	Supernumerary "Asia," at Portsmouth	17 Dec. "	Full pay - - - - - 6 - " No allowance, being 2nd class prior to 1st April 1870	- ditto - - -	Two months at 6 s a day.	All his pay, at 6 s. a day, from the 17th February 1871, to his wife in England.	- - ditto
(2—249) Meneas Latham, carpenter, 1st class.	- - ditto - -	17 Dec. "	Full pay - - - - - 7 6 " Store allowance - - - 1 6 " Tool money - - - - - 3 "	- ditto - - -	Two months at 8 s. a day.	All his pay to the extent of 8 s. a-day only, from the 17th February 1871, to his wife in England.	- - ditto.

STATEMENT showing the Number of Scholars in Government Schools (including those aided or inspected) in *British India.*

(Compiled from a Note on Education in British India, by Mr. *A. Howell.*)

(Questions 5470 and 5495.)

	Lower Class.	Middle Class.	High Class.	Normal Schools.	Colleges General.	Special Colleges.			Total Students.
						Law.	Medicine.	Civil Engineering.	
ndia - - -	11,655	3,873	338	63	–	–	- -	-	15,929
Oudh - - -	19,512	5,402	2,139	126	674*	–	- -	- -	27,853
Central Provinces -	40,637	4,372	644	213	–	–	- -	- -	45,866
British Burma - -	- -	1,434	462	401	–	–	- -	- -	2,297
Bengal - - -	66,799	68,778	18,124	1,783	1,296	631	502	101	158,014
North West Provinces	101,300	9,076	4,851	444	1,253*	–	92	244	117,260
Punjab - - -	64,827	12,378	2,682	389	83	–	Not given	- -	80,359
Madras - - -	64,298	31,261	12,355	452	385	–	115	76	108,942
Bombay - - -	148,546	22,154	5,977	475	303	53	184	128	177,820
TOTAL - - -	517,574	158,728	47,572	4,346	3,994	684	893	549	734,340

* Includes School Department

Appendix, No. 10.

PAPERS handed in by Major General Sir *Thomas Pears*.

No. 1.

RETURN showing the Number of OFFICERS now on Leave in *England* from Regiments serving in *India*, specifying whether on Sick Certificate, or Private Affairs.

CORPS.	Colonels and Lieutenant Colonels		Majors.		Captains		Lieutenants.		Sub-Lieutenants		Paymasters.		Adjutants		Riding Masters		Quarter Masters		Surgeons		Assistant Surgeons		Veterinary Surgeons.	
	Private Affairs.	Sick.	Private Affairs.	Sick	Private Affairs.	Sick	Private Affairs	Sick.	Private Affairs	Sick.	Private Affairs	Sick	Private Affairs	Sick	Private Affairs	Sick	Private Affairs	Sick	Private Affairs	Sick.	Private Affairs	Sick.	Private Affairs	Sick.
Cavalry - - - -	3	–	–	–	6	4	7	12	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–
Royal Artillery - -	8	12	–	–	12	24	5	15	–	–	–	–	1	1	–	2	–	1	1	–	–	2	–	3
Royal Engineers - -	11	4	–	–	18	6	6	8	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Infantry - - - -	1	4	4	3	11	13	19	47	–	–	1	2	–	–	–	–	1	2	–	1	1	2	–	–
TOTAL - - -	23	20	4	3	47	47	37	82	–	–	1	2	1	1	–	2	1	3	1	1	1	4	1	3

Horse Guards, War Office,
4 April 1872.

J W Armstrong,
Deputy Adjutant General.

No. 2.

RETURN showing the Number of BRIGADES and REGIMENTS which came Home from India in each of the Years 1867, 1868, 1869, and 1870.

YEARS.	REGIMENTS	Number Disembarked.	
		Officers	Non-commissioned Officers and Men
	CAVALRY:		
1867 - -	6th Dragoons - - - - -	14	380
	7th Dragoons - - - - -	17	260
		31	640
1868 - - -	3rd Dragoon Guards - - -	21	329
1870 - -	2nd Dragoon Guards - - -	18	268
	19th Hussars - - - - -	15	313
	7th Hussars - - - - -	22	343
		55	924
	TOTAL Cavalry - - -	107	1,893

Appendix, No. 10. RETURN showing the Number of Brigades and Regiments which came Home from *India*, &c.—*contd.*

YEARS.	REGIMENTS.	Numbers Disembarked.	
		Officers.	Non-commissioned Officers and Men.
	ROYAL ARTILLERY:		
1867	11th Brigade	12	264
	17th Brigade	11	194
		23	458
1868	11th Brigade	17	373
	21st Brigade	22	224
		39	597
1869	21st Brigade	5	97
	14th Brigade	32	806
		37	903
	TOTAL Royal Artillery	99	1,958
	INFANTRY:		
1867	20th Foot, 1st Battalion	15	439
	51st Foot	20	534
	98th Foot	22	462
	97th Foot	12	443
	34th Foot	18	390
	Rifle Brigade, 2nd Battalion	24	419
		111	2,687
1868	27th Foot	24	451
	35th Foot	27	417
	94th Foot	25	454
	42nd Foot	25	430
	33rd Foot (from Abyssinia)	33	581
	4th Foot, 1st Battalion (from Abyssinia)	28	539
	46th Foot	17	480
	91st Foot	27	577
		206	3,929
1869	101st Foot	20	531
	90th Foot	22	445
	23rd Foot, 1st Battalion	23	561
		65	1,537
1870	82nd Foot	23	524
	93rd Foot	21	512
	102nd Foot	25	500
	77th Foot	31	550
	95th Foot	26	492
	1st Foot, 1st Battalion	27	567
	88th Foot	30	548
	7th Foot, 1st Battalion	27	533
		210	4,226
	TOTAL Infantry	592	12,379

Appendix, No. 10

RETURN showing the Number of Brigades and Regiments which came Home from *India*, &c.—*cont^d*

Corps	1867.		1868.		1869.		1870.	
	Officers	Non commissioned Officers and Men.	Officers	Non-commissioned Officers and Men.	Officers	Non commissioned Officers and Men	Officers.	Non-commissioned Officers and Men
Cavalry - - - - - - -	31	640	21	329	—	—	55	924
Royal Horse Artillery - - -	—	—	—	—	—	—	—	—
Royal Artillery - - - - -	23	458	39	597	37	903	—	—
Infantry - - - - - -	111	2,687	206	3,929	65	1,537	210	4,226
TOTAL - - -	165	3,785	266	4,855	102	2,440	265	5,150

Horse Guards, War Office,
4 April 1872

J W. Armstrong,
Deputy Adjutant General.

No. 3.

RETURN showing the Number of NON-COMMISSIONED OFFICERS and MEN (exclusive of those who have not served Abroad) borne on the Rolls of Regiments serving in *India*, who were in the United Kingdom on the 1st January 1872.

Corps	Serjeants.	Trumpeters and Drummers	Rank and File.	TOTAL
Cavalry of the Line - -	32	4	193	229
Royal Horse Artillery - -	—	—	—	—
Royal Artillery - - -	—	—	—	—
Infantry of the Line - -	350	41	1,864	2,255
TOTAL - - -	382	45	2,057	2,484

Horse Guards, War Office,
4 April 1872.

J. W. Armstrong,
Deputy Adjutant General.

Appendix, No. 10.

No. 4.

RETURN showing the Number of MEN who Volunteered for REGIMENTS remaining in *India* in each of the Years 1867, 1868, 1869, 1870.

CORPS.	Number of Men who Volunteered.			
	1867.	1868.	1869.	1870.
Cavalry of the Line - -	75	83	91	117
Royal Horse Artillery - -	—	—	—	—
Royal Artillery - - -	104	80	179	—
Infantry of the Line - -	1,126	798	718	1,241
TOTAL - - -	1,305	961	988	1,358

Horse Guards, War Office,
4 April 1872.

J. W. Armstrong,
Deputy Adjutant General.

No. 5.

RETURN showing the Number of MEN who Re-engaged in *India* in each of the Years 1867, 1868, 1869, 1870.

CORPS.	1867.	1868.	1869.	1870.
Cavalry of the Line - -	1,413	803	392	281
Royal Horse Artillery - -	243	254	224	204
Royal Artillery - - -	397	1,017	640	714
Infantry of the Line - -	7,488	5,522	3,428	2,544
TOTAL - - -	9,541	7,596	4,684	3,743

Horse Guards, War Office,
4 April 1872.

J. W. Armstrong,
Deputy Adjutant General.

No. 6.

STATEMENT showing the Number of OFFICERS of each RANK and PRESIDENCY, EFFECTIVE and NON-EFFECTIVE, who were in receipt in this Country of Pay, Half Pay, or Pension, on the 1st July 1872.

	Generals.	Lieut.-Generals.	Major-Generals.	Colonels.	Lieut.-Colonels.	Majors.	Captains	Lieutenants.	TOTAL.
EFFECTIVE.									
Officers of Staff Corps on Furlough:									
Bengal - - - - - -	–	–	16	10	76	55	73	23	253
Madras - - - - - -	1	–	4	11	46	41	47	7	157
Bombay - - - - - -	–	–	3	7	35	26	30	9	110
TOTAL - - -	1	–	23	28	157	122	150	39	520
Officers of Local Service on Furlough:									
Bengal - - - - - -	–	–	4	7	18	8	56	11	104
Madras - - - - - -	–	–	–	7	7	6	17	18	55
Bombay - - - - - -	–	–	–	4	12	2	32	3	53
TOTAL - - -	–	–	4	18	37	16	105	32	212
Officers of Staff Corps on Duty:									
Bengal - - - - - -	–	–	–	1	–	–	–	–	1
Madras - - - - - -	–	–	1	–	–	1	–	–	2
Bombay - - - - - -	–	–	–	–	–	–	–	–	–
TOTAL - - -	–	–	1	1	–	1	–	–	3
Officers of Local Service on Duty:									
Bengal - - - - - -	–	–	1	–	1	1	2	1	6
Madras - - - - - -	–	–	–	–	–	–	1	–	1
Bombay - - - - - -	–	–	–	1	–	–	–	–	1
TOTAL - - -	–	–	1	1	1	1	3	1	8
NON-EFFECTIVE.									
General Officers in receipt of Colonel's Allowance:									
Bengal - - - - - -	11	22	23	1	–	–	–	–	57
Madras - - - - - -	13	13	10	1	–	–	–	–	37
Bombay - - - - - -	2	14	10	2	–	–	–	–	28
TOTAL - - -	26	49	43	4	–	–	–	–	122
Pensioned Officers:									
Bengal - - - - - -	–	–	–	101	108	150	237	96	692
Madras - - - - - -	–	–	–	81	93	119	219	83	595
Bombay - - - - - -	–	–	–	42	45	55	114	42	298
TOTAL - - -	–	–	–	224	246	324	570	221	1,585
Officers on the Half Pay List of the Staff Corps:									
Bengal - - - - - -	–	–	–	–	–	–	3	–	3
Bombay - - - - - -	–	–	–	–	–	–	1	–	1
TOTAL - - -	–	–	–	–	–	–	4	–	4

19 August 1872.

Edw. S. Jenkyns.

Appendix, No. 10.

No. 7.

RETURN showing the Number of OFFICERS, NON-COMMISSIONED OFFICERS, and MEN serving with their BRIGADES and REGIMENTS in *India*, on the 1st August 1872.

CORPS.	Officers.	Non-Commissioned Officers and Men.
Cavalry - - - - - - - - - -	223	3,947
Royal Horse Artillery - - - - - - -	121	2,343
Royal Artillery - - - - - - - - -	545	9,303
Infantry - - - - - - - - - -	1,471	42,274
TOTAL - - - -	2,360	57,867

Horse Guards, War Office,
7 August 1872.

G. J. Wolseley,
For A. G.

Appendix, No. 11.

STATEMENTS handed in by Mr. *T. L. Seccombe*, C.B., and referred to in his Evidence.

STATEMENT showing the TOTAL INCOME and EXPENDITURE of INDIA in each Year from 1861–62 to 1870–71, and the Surplus or Deficit, inclusive and exclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and of Public Works Extraordinary (viz., large Irrigation Works and State Railways).

		SURPLUS OR DEFICIT.			
		Inclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).		Exclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).	
		Surplus.	Deficit.	Surplus.	Deficit.
1861–62:	£.	£.	£.	£.	£.
Revenues - - - - - - - - - - -	43,829,472				
Charges, including all Expenditure on Public Works -	43,880,100				
Deficit - - -	50,628	- -	50,628	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. (including in this year some repairs which cannot be separated) - - - - - - - - -	1,062,150	- -	-	1,011,522	—
1862–63:					
Revenues - - - - - - - - - - -	45,143,752				
Charges, including all Expenditure on Public Works -	43,316,406				
Surplus - - -	1,827,346	1,827,346	—	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - - - - - - - - - - -	1,008,746	- -	- -	2,836,092	—
1863–64:					
Revenues - - - - - - - - - - -	44,613,032				
Charges, including all Expenditure on Public Works -	44,534,685				
Surplus - - -	78,347	78,347	—	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - - - - - - - - - -	1,615,182	- -	- -	1,693,529	—
1864–65:					
Revenues - - - - - - - - - - -	45,652,897				
Charges, including all Expenditure on Public Works -	45,846,418				
Deficit - - -	193,521	- -	193,521	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - - - - - - - - - -	1,358,196	- -	- -	1,164,675	—
Carried forward - - - £.		1,905,693	244,149	6,705,818	—

STATEMENT showing the Total Income and Expenditure of India in each Year from 1861-62 to 1870-71, &c.—*continued.*

			SURPLUS OR DEFICIT			
			Inclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).		Exclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).	
			Surplus.	Deficit.	Surplus	Deficit.
			£.	£	£.	£.
Brought forward - - - £.			1,905,693	244,149	6,705,818	—
1865-66:		£.				
Revenues - - - - - - - - - -		48,935,220				
Charges, including all Expenditure on Public Works -		46,169,152				
Surplus - - -		2,766,068	2,766,068	—	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - - - - - - - - -		1,177,365	- -	- -	3,943,433	—
1866-67 (11 Months):						
Revenues - - - - - - - - - -		42,122,433				
Charges, including all Expenditure on Public Works -		44,639,924				
Deficit - - -		2,517,491	- -	2,517,491	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - - - - - - - - -		1,214,597	- -	- -	- -	1,302,894.
1867-68:						
Revenues - - - - - - - - - -		48,534,412				
Charges, including all Expenditure on Public Works -		50,144,569				
Deficit - - -		1,610,157	- -	1,610,157	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - -	1,028,142					
Expenditure on Public Works Extraordinary - - - - - -	602,462	1,630,604	- -	- -	20,447	—
1868-69:						
Revenues - - - - - - - - - -		49,262,691				
Charges, including all Expenditure on Pubic Works -		53,407,334				
Deficit - - -		4,144,643	- -	4,144,643	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - -	£. 1,121,952					
Expenditure on Public Works Extraordinary - - - - - -	1,370,613	2,492,565	- -	- -	- -	1,652,078
Carried forward - - - £.			4,671,761	8,516,440	10,669,698	2,954,972

STATEMENT showing the Total Income and Expenditure of India in each Year from 1861-62 to 1870-71, &c.—*continued.*

			SURPLUS OR DEFICIT.			
			Inclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).		Exclusive of Expenditure on Construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and on Public Works Extraordinary (large Irrigation Works and State Railways).	
			Surplus	Deficit.	Surplus.	Deficit.
			£.	£.	£.	£.
Brought forward - - - £.			4,671,761	8,516,440	10,669,698	2,954,972
1869-70:		£.				
Revenues - - - - - - - - - -		50,901,081				
Charges, including all Expenditure on Public Works -		53,382,026				
Deficit - - -		2,480,945	- -	2,480,945	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - -	£. 840,328					
Expenditure on Public Works Extraordinary - - - - - -	2,599,614	3,439,942	- -	- -	958,997	—
1870-71:						
Revenues - - - - - - - - - -		51,413,686				
Charges, including all Expenditure on Public Works -		51,098,506				
Surplus - - -		315,180	315,180	—	—	—
Expenditure on construction of Roads, Bridges, Canals, &c. - - -	£. 620,276					
Expenditure on Public Works Extraordinary - - - - - - -	1,167,810	1,788,086	- -	- -	2,103,266	—
TOTAL - - - £.			4,986,941	10,997,385	13,731,961	2,954,972

		4,986,941
Net Deficit in 10 years, if Expenditure on construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and of Public Works Extraordinary, be included in the charge - - -	£.	6,010,444
		2,954,972
Net Surplus in 10 years, if Expenditure on construction of Roads, Bridges, Canals, Tanks, Embankments, &c., and of Public Works Extraordinary, be excluded from the charge - - - - - - - - - - - -	£.	10,776,989

Note.—The accounts, as sent to this country, do not show separately the charges for roads and bridges, and those for canals, tanks, embankments, &c.

The charge for establishment is excluded from the statement, as it is shown only under one general head in the Accounts received from India, and it is not practicable to ascertain in this country how much is applicable to civil and military buildings, &c., and how much to Works of Public Improvement.

India Office,
23 April 1872.

T. L. Seccombe,
Financial Secretary.

STATEMENT of EXPENDITURE in INDIA on WORKS tending to promote the INDUSTRY of the COUNTRY, and on WORKS connected with CIVIL and MILITARY ADMINISTRATION in each Year, from 1867–68 to 1870–71.

YEAR.	Works tending to promote the Industry of the Country.					Works connected with Civil and Military Administration.							Establishment and other Miscellaneous Charges, Tools, Plant, Stock, Materials,* &c.	Supervision, Cost, and Compensation for Land for Guaranteed Railways and Irrigation Works, and for other Public Works	Loss by Exchange on Railway Transactions.	Payments in England for Stores, &c., Public Works Ordinary.	Total Expenditure on Public Works, Ordinary and Extraordinary.
	Public Works Ordinary. Construction of Roads, Bridges, Canals, Tanks, Embankments, &c.			Public Works Extraordinary. Irrigation and State Railways, &c., including Establishment Stores, &c.	Expenditure on Works tending to promote the Industry of the Country.	Construction of Civil Buildings in all Departments.			Construction of Military Buildings and Fortifications.			Expenditure on Works Connected with Civil and Military Administration.					
	Construction	Repairs.	*Total.			Construction.	Repairs.	*Total.	Construction.	Repairs.	*Total.						
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£
1867–68 -	1,028,142	728,780	1,756,922	602,462	2,359,384	738,904	109,694	848,598	1,507,993	232,939	1,740,932	2,589,530	1,069,293	282,647	101,877	80,988	6,483,719
1868-69 -	1,121,952	761,393	1,883,345	1,370,613	3,253,958	722,017	118,286	840,303	1,876,157	249,397	2,125,554	2,965,857	1,268,637	294,945	20,733	150,330	7,954,460
1869-70 -	840,328	705,614	1,545,942	2,599,614	4,145,556	576,385	103,896	680,281	1,245,614	203,705	1,449,319	2,129,600	1,117,999	108,249	205,469	237,018	7,943,891
1870–71 -	620,276	697,219	1,317,495	1,167,810	2,485,305	413,086	101,717	514,803	791,287	201,710	992,997	1,507,800	945,107	137,183	171,465	134,800	5,381,660

* Exclusive of the charges for tools, plant, stock, materials, stores, &c., which cannot be given for each description of work, as (with the exception of Public Works Extraordinary) the Accounts in this Office do not show the amount applicable to each. These charges are therefore shown in separate columns.

India Office,
23rd April 1872.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 12.

PAPERS handed in by Mr. *Thornton.*

1.—RAJPOOTANA (STATE) RAILWAY.

Appendix, No. 12.

EXTRACT RAILWAY DESPATCH from the Government of India, No. 25 of 1869, Paragraph 16.

16. THE question must also be considered whether a second line, from the Great Indian Peninsula Railway to Indore, with a continuation to Neemuch and Ajmeer, should not be undertaken, whatever decision is come to respecting the direct Neemuch and Baroda line, or the alternative route by Deesa. The line from Ajmeer to Indore, besides its military and political value, would command the traffic of the Lambeer and other salts destined for Eastern Rajpootana, and, passing through Rutlam and the opium-growing tracts of Malwa, would derive a highly paying traffic from that source. It would, moreover, be able to take up the coal and timber of the Nerbudda Valley into Rajpootana, where these products are not naturally found, and will be much valued.

EXTRACTS REPORT *of Committee appointed to consider the* Route *of* Railway *from* Ajmeer to Rewaree, dated 17 April 1869.

Para. 2. The Government of India is desirous of obtaining complete information to show the exact line which will give the most convenient access to the principal salt sources at Sooltanpoor, and which will afford the greatest facilities for the transport of the salt to Delhi. We, having visited the spot, ascertained that the principal salt works of the Sooltanpoor tracts are situated at the villages of Landranah, Sooltanpoor, Mobarickpoor, and Basseerpoor. Out of a total out-turn in 1868–69 of 7,11,932 maunds, these works contributed rather more than 5,00,000 maunds. It is clear, then, that any line of railway constructed with a view to facilitate the transport of salt, must take these works.

* * * *

5. With a view to enable us to form some opinion as to the probable amount of traffic which will pass along this line, we obtained from Mr. Wright, the collector of customs at Delhi, a statement showing the quantity of salt and sugar which paid duty at the posts of Jhujjur, Badlee, Dhassa, and Gurhi-Hursroo, in each of the four years from 1865–66 to 1868–69. This statement, which is appended, shows that on an average 7,39,405 maunds of salt paid duty at these posts, of which seven lacs were the product of the Sooltanpoor works, and almost the entire balance was salt from the Sambhur Lake. In regard to the Sooltanpoor tracts, we are satisfied from personal inspection and inquiry on the spot, that by the utilisation of wells and pans already made, but not at present worked, and by the construction of new wells and pans, the out-turn of these works can be considerably increased, and we think that these works may be estimated to produce 12 lacs of maunds a year.

6. It will be seen from the statement that about 2,85,000 maunds of sugar yearly paid duty at these posts, but considering that upwards of seven lacs of maunds paid duty in 1867–68 in the Delhi division, it is evident that the principal portion of the sugar traffic crosses the customs line at posts east of Gurhi-Hursroo, or west of Jhujjur. The traders of the town of Furrucknuggur assured us that when the line of railway was made, even though it was carried no further than Furrucknuggur, a considerable portion of the sugar and the merchandise destined for Rewaree would travel by rail as far as Furrucknuggur. Be this as it may, we are of opinion that the amount of exports from Delhi will fall far short of the amount of imports if the line stops at Furrucknuggur. But if the line be continued to Rewaree, we have every reason to believe that the traffic proceeds will afford a fair remuneration for the cost of constructing and working the railway. On this point we enclose

Appendix, No. 12. enclose a memorandum drawn up by Lieutenant Pye, a member of our committee who visited Rewaree.

7. We have not taken passenger traffic into account, partly because we have no means of estimating its probable amount, although we are aware that the main line of communication between Delhi and the Rajpootana States lies through Rewaree, and partly because there would be little or no passenger traffic on that portion of the line with which we are more immediately concerned, especially if it follows the direct road from Delhi to Rewaree.

STATEMENT exhibiting the Quantity of SALT and SUGAR paying DUTY at the Posts of *Jhujjur, Badlee, Dhassa, and Gurhi-Hursroo.*

	Quantity of Salt Paying Duty.			TOTAL.	Rate of Duty.	Amount of Duty Collected.	Quantity of Saccharine Produce Paying Duty.		TOTAL.
	Sambhur.	Sooltanpooree.	Other Kinds				Refined.	Unrefined.	
	Rs a p	*Rs. a p.*	*Rs a p*	*Rs. a p.*	Per Maund	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
1865-66 - -	30,169 10 13	5,71,947 23 14	103 9 4	6,02,220 3 15	3 rupees.	18,06,660 3 3	1,11,035 1 11	2,05,097 12 10	3,16,132 14 5
1866-67 - -	40,386 19 8	7,82,841 30 4	325 1 4	8,23,553 11 –	Ditto -	24,70,657 15 5	96,779 37 2	1,81,720 13 10	2,78,500 10 12
1867-68 - -	39,110 18 3	7,31,511 5 11	21 16 3	7,70,643 – 11	Ditto -	23,11,929 2 5	1,13,680 13 15	1,84,624 25 13	2,98,304 39 12
1868-69 - -	46,465 12 5	7,13,189 14 13	1,551 4 13	7,61,205 31 15	Ditto -	22,83,617 7 11	76,052 19 6	1,72,836 17 1	2,48,888 36 7
TOTAL - *Rs*	1,56,131 20 13	27,99,489 34 10	2,000 32 2	29,57,622 7 9	- -	88,72,864 13 –	3,97,547 32 2	7,44,278 29 2	11,41,826 21 4

Delhi, 13 April 1869.

(signed) *W. W. Wright*,
Collector of Customs.

REPORT on the Advantages of Carrying the SOOLTANPOOR RAILWAY to REWAREE.

1. HAVING visited Rewaree and made inquiries into the trade of the city, I wish to lay a few remarks before the Committee on the advantages to be gained by making it the present terminus of the railway which will tap the Sooltanpoor salt district, whether the line be ultimately extended to Bombay or not.

2. The committee has ascertained that the salt works of Sooltanpoor are worked under advances from the merchants of the neighbouring town of Furrucknuggur, that the present out-turn is about 7,00,000 maunds a year; and that if all the existing pans were worked, and all the salt ground utilised, the out-turn would certainly be not less than 12,00,000 maunds.

3. This export trade is not balanced by corresponding imports. The salt goes northwards, but all goods coming south to Rajpootana take the straight road to Rewaree, where they are warehoused, or packed on camels and bullocks for their further journey.

4. From this it follows that the carts which take salt to Delhi generally return to the works empty, and the consequence is that the cost of carting this salt to Delhi, some 32 miles, is more than four annas a maund, while the cost of carting all goods from Rewaree to Delhi, some 50 miles, on an equally bad road, is exactly four annas.

5. If the railway were to stop at Furrucknuggur, it is possible that the sugar, food, grains, &c., for the south might be carried by the line. But this is doubtful. There is already a necessary break of bulk at Rewaree, and rail carriage to Furrucknuggur would involve another transhipment.

6. Rewaree is a large and thriving city. Its merchants are not commission agents, but wealthy, independent traders, having agents in Delhi and all the cities of Rajpootana, which they supply with sugars, grain, and iron and brass utensils. In return they purchase salt at the Sambhur Lake, cotton, spices, &c., and they say that no cart or camel that comes to the city has to wait for a return load, or seek one elsewhere.

7. The octroi returns of the town do not show the extent of its trade, for salt going north and sugar going south alike keep outside the city gates to avoid payment of the tax. Thus on the morning of the day on which I arrived at Rewaree, 500 camels came in with Sambhur salt, none of which was brought into the city, or is shown in its returns.

8. The annual import of sugars from the Delhi district is said by the traders to be between 6,00,000 and 7,00,000 maunds. This is corroborated by the statistics of the Customs Department. In 1867-68, 9,70,000 maunds of sugar crossed the customs line in the Delhi division, and of this three-fourths is believed to have been bound for Rewaree, or towns beyond it.

Appendix, No. 12.

9. About 3,00,000 maunds of this sugar crossed between Jhujjur and Gurhi-Hursroo; that is, to the west of the proposed line of railway.

10. On the whole it seems that the present import and export traffic of Rewaree, which would travel on a line of railway between that place and Delhi, is above 20,00,000 maunds. And all this must come to the line, for there is no river or metalled road to compete with it. The merchants are so eager for a railway to avoid the losses and delays of the present cart traffic, that they came forward unasked and offered to take shares in the line if that would hasten its construction.

11. That the traffic would increase largely is beyond a doubt. The principal salt merchants said that whereas now only from 80,000 to 1,00,000 maunds of salt come annually from the Sambhur Lake, they should in the first year from the opening of the line, send for 2,00,000 maunds, which they saw their way to selling, even though the Sooltanpoor pans were more fully worked, and that this amount would be subsequently increased.

12. Turning to the financial side of the question, a rate must first be assumed for carriage by the proposed railway. I think that half pie per maund per mile is fair and reasonable for salt and sugars. On the East Indian Railway these are carried for distances under 300 miles for one-third pie per maund per mile, but the additional one-sixth pie would involve no practical extra expense to the consumer. For the price of a maund of Sooltanpooree salt at Delhi is made up of three items: its price at the pits, say 8 annas, its carriage, say 4 annas, and the Government duty, 3 rupees. Now, considering that a man and his wife and three or four children are believed to eat only about half maund of salt in a year, the annual difference to them of the two rates is inconsiderable, as shown below:—

	Rs.	*a.*	*p.*
One-half maund salt at present cost - - -	1	14	–
Carried the 33 miles of rail at ⅓ pie - - -	1	12	5½
Ditto - - - ditto - ½ ditto - - -	1	12	8¼

13. On the other hand, as half pie per mile amounts to 1 *a.* 4½ *p* to Furrucknuggur, and 1 *a.* 10½ *p.* to Rewaree, the present charges being about 4 annas, in both cases this rate would be sufficiently attractive. Indeed the traders of Rewaree said that even though the rates were as high as the cost of cartage, yet not one maund would go by cart, such annoyance, delay, and loss did they now daily experience.

14. Taking half pie per maund per mile as the average rate, the higher charge for spices, &c., balancing the lower one for food grains; omitting all passenger traffic, the amount of which cannot be absolutely foretold; considering only the certain traffic, viz., 12,00,000 maunds of salt, travelling 33 miles from Sooltanpoor, and 20,00,000 maunds of goods, travelling 53 miles from and to Rewaree, then if the line were to stop at Furrucknuggur, the gross receipts per mile would be 3,125 rupees; if carried to Rewaree, they would be 7,154 rupees.

15. Now in the former case the traffic would be almost entirely in one direction, so that there would be much unprofitable running, and the working expenses cannot safely be taken at less than 60 per cent. of the receipts; in the latter case, where there is less of this running they may be assumed to be 50 per cent.

16. Then the net profits per mile of a line to Sooltanpoor would be 1,250 rupees, and of one to Rewaree 3,577 rupees.

17. The latter sum is 4 per cent. on 89,425 rupees, and 5 per cent on 71,540 rupees.

18. I believe that for the smaller of these two sums a suitable railway might be constructed and stocked, provided that it were made economically under close supervision, and that no unnecessary money were spent in expensive station buildings; and I must again repeat that the above figures do not show the probable traffic, but the certain weight that will at once seek the line apart from all future development of trade.

19. Between Sooltanpoor and Rewaree the road, after leaving the sand hills surrounding the salt pans, would be on a level. There is but one engineering work of importance on the line, the bridging of the Saubee Nuddee, somewhere near Mozimabad. This is a watercourse with undefined banks, which is quite dry and under cultivation, except in the rains, but when in flood carries off a considerable body of water, which moves slowly on its way to the Nujjufgurh Jheel. The amount of water required cannot be stated without a careful survey during flood, but there is no special difficulty to overcome. Perhaps 400 feet will be enough.

Kunkur is found at Mozimabad, and at many places north of this, but not near Rewaree. This city is built of stone brought some seven or eight miles from Kooree and Cheeumawas, and good stone is found within a few miles of the proposed line, throughout its length. There is abundance of labour, the rates being 1½ and 2 annas a day. Water is found everywhere on the line, but of course wood is scarce.

20. On the whole, I think that while a line to Sooltanpoor will not repay its cost, except in the sense of making a larger supply of salt certain, a line to Rewaree, irrespective of any future extension, will pay, will bring still more salt into the market, and will largely benefit and encourage commercial enterprise in both our own city of Rewaree, and the old native capitals of Rajasthan.

(signed) *K. C. Pye*, Lieutenant, R.E.

Appendix, No. 12.

EXTRACT REPORT by Mr. *Furnivall*, dated 2nd September 1869; Section 6, Para. 1.

IT would be useless for me to lengthen out the report by any reference to the probable traffic on the line. The committee which met in April last decided that the traffic which may be expected warrants the construction of a railway, and I fully concur with it. My data in calculating the amount are drawn from the same sources as Captain Pye's, from whose conclusions I see no cause to differ on any point: all calculations of traffic on a proposed railway are to a certain extent speculative, and are more often under the mark than over it. The miscalculation of the profits of a line is more often due to an increase in cost of the work than a decrease in traffic returns anticipated. I have endeavoured to avoid the fault of a too low estimate by putting down liberal prices for all works, and by making a liberal allowance of waterway.

EXTRACT LETTER from Major *T. F. Forster*, dated 24th March 1870.

Para. 3. IN my opinion there can be no question that the establishment of a branch railway from Delhi or its neighbourhood to Bhowani would prove a profitable and most useful undertaking; such a line would not only open out freely the trade of this and the neighbouring districts, but would largely increase the imports and exports of Bhowani, which is the entrepôt of the Hindostan and Rajpootana trade. Experience has shown elsewhere that the introduction of a railway has invariably given an impetus to existing traffic, and there is no reason why Bhowani, which attracts so much traffic from its convenient situation, should prove an exception to this rule.

EXTRACT LETTER from *W. C. Furnivall*, Esq., C.E., dated 4th May 1870.

Para. 12. THE greatest possible amount of salt that it is likely the Sooltanpoor field will produce is 4,000 maunds a day.

EXTRACT NOTE by Colonel *C. J. Hodgson*, dated 25th May 1870.

Para. 5. To secure gross earnings of 10 per cent., or net earnings of, say, 6 per cent., I find that about 55,520 tons of salt must be carried over the entire road line annually, and, therefore, about 60,000 tons over the other line, taking the charge for carrying at one-third pie per maund per mile.

DEMI-OFFICIAL from Mr. *W. C. Furnivall* to Major *T. F. Forster*, Deputy Commissioner of Hissar; dated 22nd June 1870.

I SEND you a copy of the statistics sent by you to Mr. Tait. Salt shows an import of 6,67,875 maunds, but no exports; is this in consequence of there being no export tax, or in what way does it happen? Of cloth there are no exports. The exports of sugar were over the imports. Does any of the trade from the west bring produce for exchange, or does the import trade come from the east mostly? The export, of course, goes to the west in great part.

DEMI-OFFICIAL from Major *T. F. Forster*, Deputy Commissioner of Hissar, to Mr. *W. C. Furnivall*; dated 7th July 1870.

IN reply to your demi-official of the 22nd ultimo, I beg to offer the following explanation on the several points you allude to. Through an oversight the export of salt and cloth were omitted. I have now included these items in the statistics sent with your letter. The reason why the export of sugar exceeded the import is because there was a surplus in stock from the preceding year.

Traders from the east generally bring goor, khand, cloths, brass and copper utensils, and other miscellaneous articles, taking in exchange chiefly salt, sujjee, and Mooltani-muttee. The import trade, therefore, comes mostly from the east, and, as you surmise, the exports are chiefly westward.

Should you desire any further information in regard to the Bhowani trade, I shall always be happy to use my best endeavours to comply with your wishes.

Appendix, No. 12.

COPY of STATISTICS furnished by the Deputy Commissioner, Hissar, as per Returns sent to Financial Commissioner of the Traffic of Bhowani during 1869.

Names of Articles.	Imports.	Exports.
	Mds.	*Mds.*
Spices - - - - - - -	46,900	21,957
Cotton, dressed - - - - -	787	—
„ undressed - - - -	1,610	—
Wheat - - - - - - -	330,526	277,003
Rice - - - - - - - -	164,255	86,775
Bajra - - - - - -	73,745	27,334
Jowar - - - - - -	14,769	3,133
Gram - - - - - -	38,257	157,521
Moat - - - - - - -	64,693	—
Metal - - - - - - -	19,135	7,729
Oils, &c. - - - - - -	138,933	118,245
Salt - - - - - - -	667,875	315,058
Fire-wood - - - - - -	37,693	—
Ghee - - - - - -	36,205	24,291
Colours - - - - - - -	12,923	—
Barley - - - - - - -	44,389	7,058
Cloth (mixed) - - - - -	18,468	6,383
Goor - - - - - - -	243,894	334,616
Sugar - - - - - - -	125,153	150,790
„ coarse - - - - - -	38,564	35,459
Grain - - - - - - -	- -	157,531
Sugar, black - - - - - -	- -	334,616
TOTAL - - -	2,118,774	2,065,499

T. F. Forster, Major,
Deputy Commissioner, Hissar.

From Colonel *H. J. Hawes*, Deputy Commissioner, Rohtuck, to Executive Engineer, Gurree and Bhowani Division, Rajpootana (State) Railway, No. 189; dated 29th April 1870.

In reply to your Office No. 85, dated 14th ultimo, I have the honour to inform you that it would be a great advantage to bring the line near to the large towns of Beree and Jhujjur, instead of direct from Gurree-Hurseroo to Bhowani.

2. It is roughly estimated that the amount of exports and imports from and to the town of Beree would not fall short of 15 to 20 lakhs of rupees, and of Jhujjur about half of the above amount.

3. The chief articles of import are rice, prepared saccharine produce, and ghee from Bengal to the North Western Provinces, cloth from Europe, *viâ* Calcutta, and metals, building materials, &c., from down country. The exports are goor, unrefined sugar, grains of all kinds, oil seeds, and other raw country produce to the Rajpootana States.

4. In short, there is a very large and increasing export and import trade carried on with the Lower Provinces on one side, and the Rajpootana States and the Bagur or Independent States on the other, which a line of rail passing through Beree and Jhujjur will catch.

Appendix, No. 12.

EXTRACT REPORT by *W. C. Furnivall*, Esq., M.I.C.E., Superintending Engineer, Delhi District, Rajpootana (State) Railway, on proposed Extension of the Narrow Gauge Branch Railway from Gurree-Hurseroo to Furrucknuggur to Bhowani; dated 13th September 1870.

Section, No. 1.

1. THE proposition to connect the town of Bhowani with a railway is not a new one, but I believe has never assumed a definite form until the present time. In a letter from the late Colonel Hamilton, Commissioner of Delhi, No. 329, dated 4th October 1865, para. 4, Note 11, to the Under Secretary to the Government of the Punjab, Public Works Department, Railway Branch, Colonel Hamilton remarks—

> "Bhowani is the great mart for exchange of commodities between the Gangetic Provinces, including also sea-borne produce from Calcutta and Bikaneer, Marwar, and a portion of the Punjab and Affghanistan. The produce of Eastern India and foreign countries is hence distributed to the westward, while it is also a mart for the distribution of the produce of the Punjab and Affghanistan."

2. A reference to the map of India will show the important commercial position of Bhowani, it is situated on the frontier of British territory, near enough to the thickly populated districts irrigated by the Ganges and Jumna, to be in constant communication, and to be able to supply itself with grains when scarcity in the country to the westward is felt, or with any other article that may be commonly required.

3. The western county, composed of Bikaneer, Jodhpoor, Jeysulmere, and part of Bhawulpoor, forming a considerable portion of the extensive tract between Bhowani and the Runn-of-Cutch, was originally supplied with foreign products by three marts, Pali on the south, Shikarpoor to the north, and Bhowani to the east. Shikarpoor and Pali have, I believe, fallen off in trade of late years, but Bhowani has retained its trade, if not increased it.

4. The late Colonel Hamilton, with the letter before referred to, No. 329, dated 4th October 1865, gives some valuable statistics of the trade of Bhowani, wherein it is proved that the trade is not less than the large sum of 20,00,000 rupees per annum. The latest account that I have received is from Major Forster, the Deputy Commissioner of Hissar, *vide* Appendix A., who puts the imports at 21,20,000 maunds nearly, and the exports at 12,52,000 maunds, together giving a trade of over 1,20,000 tons per annum.

5. Supposing that the imports only will be carried on the railway, and that the exports are entirely sent westwards, which is most certainly taking a minimum of trade, for assuredly certain articles would come from the west, it may be concluded that Bhowani would require 75,000 tons of merchandise per annum, or a daily average traffic of 200 tons. Calculating the value of this freight to the railway at one anna per ton, the traffic would pay gross receipts 90 rupees per mile per week, which would equal the traffic on the Jubbulpoor line, or be higher than the Punjab railway for the year 1868–69, although the traffic represented is entirely exclusive of passengers. Assuming the cost of the narrow gauge line, inclusive of rolling stock, at 32,000 rupees per mile, this will give nearly 14¾ per cent. gross earnings.

6. Passenger traffic must also be looked forward to. Statistics of the present number of travellers would only lead to error in any calculation of the passenger traffic that may be expected. Only those who are obliged by business go to Bhowani at present. The ordinary conveyance is a camel. Colonel Hamilton remarks in the letter before mentioned, "No one goes to Bombay from Bhowani on account of the great distance between these two places: the rail, if constructed, will greatly tend to increase the trade."

7. And, doubtless, it will be so; not only is the distance great, but the road at present is a hard one to travel.

8. The population of Bhowani is estimated at 32,000, but the number of the inhabitants of the city does not express correctly the commercial importance of the place; the inhabitants are a busy people, and their trading operations cause a constant influx and efflux of travellers, possibly comers from a short distance only, but still likely to form an important addition to the traffic receipts of the branch.

9. Casting aside, however, the question of passengers, 90 rupees gross receipts per week per mile produced by the passage of merchandise will, I think, be considered a very fair traffic to commence upon, and will warrant the construction of the narrow gauge branch. I say narrow-gauge branch, for I feel assured that the break of gauge will not be a serious inconvenience, nor a great expense, and that the traffic to Bhowani will never be sufficient to keep a broad gauge line in work.

10. The country between Furrucknuggur and Bhowani will also contribute towards the maintenance of a railway; Beree and Jhujjur are both large towns. Colonel Hawes, Deputy

Deputy Commissioner of Rohtuck, remarks in a letter to Mr. Tait, *vide* Appendix B., "It is roughly estimated that the amount of exports and imports from and to the town of Beree would not fall short of 15 to 20 lakhs of rupees a year, and of Jhujjur, about half that amount." I cannot, however, add this freight into the calculation of the traffic of the branch line; Beree and Jhujjur are both close to the roads that lead to Bhowani, and although some portion may be the legitimate trade of the towns mentioned, the major portion of the trade, I believe, will be found to go to Bhowani, so that by adding the amount stated by Colonel Hawes, I should run the risk of overstating the probable traffic. The line can be led round by Beree and Jhujjur at very little extra expense, as recommended by Colonel Hawes, which will doubtless be a profitable détour.

11. I think the foregoing evidence will show that, by constructing this branch line to Bhowani, a valuable feeder to the traffic of the Rajpootana railway may be opened, and a railway made which will itself become a remunerative work.

12. The question remains then for discussion as to what is the best point on main line from which the branch shall be led off.

Section, No. 2.

1. Supposing that all the trade which arrives at Bhowani went from Delhi and the country from the east, it would appear hard that such trade should be subject to a détour of 16 miles, and the difficulties of the drainage of the river Saubee to contend with, instead of being taken direct on the line by the Bahadoorgurh road. This, however, will not be the case when the Rajpootana railway opens up a communication with the country to the south-west, and to the sea-board. Trade will of a surety be opened up with Rajpootana, and then the westerly junction with the main line will be a benefit to all the freight which comes from or goes to the south-west.

Section, No. 3.

Para. 8. The product of the salt fields of Zahudpoor and Lilarna together, at the present time, is about 93,650 maunds of salt per annum. I do not say that this freight would be lost entirely to the railway if the dotted line were selected, but I am of opinion that it will be a pity not to give the stimulus to the manufactories of salt that a means of communication by railway will afford. Both the manufactories are capable of extension, the character of the salt is third rate, but still a maund manufactured is equal to three rupees in the coffers of the State. The wiser plan, therefore, will, I think, be to choose the route by Zahudpoor and Lilarna, although slightly more circuitous than that indicated by the dotted red line.

NOTE by Major *J. Bonus*, R.E., Deputy Consulting Engineer to the Government of the North Western Provinces, Railway Department, on the proposed Extension of the Narrow Gauge Branch Railway to Bhowani.

MR. FURNIVALL gives his grounds for the belief that a branch railway to Bhowani would be a commercial success, and his opinion is that the line should be an extension of the Furrucknuggur Salt Branch. I cannot say that I agree with him entirely in either view. It is quite possible, and even probable, that a railway to Bhowani from the Rajpootana line would pay, but it is, I think, desirable that the matter should be viewed from standpoints other than that selected by Mr. Furnivall. The statistics furnished to him show that during 1869 the imports of Bhowani were close on 75,000 tons, and the exports about 45,000 tons. But these figures may be deceptive; it is almost always a mistake to take the trade of any one year as an average; we want statistics of the trade for a series of years. These figures for 1869 are surely in some way exceptional; the imports exceed the exports by 33,000 tons; Bhowani cannot consume this amount. Either, then, the exports were exceptionally low, or the imports were exceptionally high. It is of importance to know which was the case; did the exports show a great decrease on former years, thus indicating a decline of trade, or did the dealers lay in very heavy stocks, showing that they at least feared no falling off in the trade of the place?—The statistics of the trade of the town for years are apparently on record, and they should, I think, be carefully consulted.

Except it may be considered whether Bhowani is likely to hold its position as an exchange mart? Will not the great changes which are taking place in the communications of the surrounding districts affect its position for the worst? The railway from Agra to Jeypoor and the Sambhur will be the route which the trade of Marwar will follow, and the Indus Valley Line passing through Bhawulpoor will probably take a considerable share of the traffic of Bikaneer and Jeysulmere. Bhowani has not, I gather, any native manufactures; its trade is wholly a transit trade, and must, I should say, be affected injuriously by the opening up of other routes into the heart of Rajpootana.

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Mr. Furnivall, taking the trade of 1869 as the basis of his calculations, assumes that the whole of the imports will pass over the branch; but is this at all likely to be the case? By what lines of road do the imports reach Bhowani? Major Forster, the Deputy Commissioner, says that the imports are chiefly from the east, and the exports to the west. There can, I should think, be very little doubt that a considerable portion of the trade must be with the districts lying to the north-west of Delhi and Meerut, and to take this to Bhowani, *viâ* Gurree-Hurseroo and Furrucknuggur, would be a roundabout proceeding. If a line is to be made to Bhowani at all, it should, I think, be taken from Delhi, passing through Bahadoorgurh and Beree, which are directly in the route. But would not all the purposes of a line to Bhowani be fulfilled by a line from Delhi to Rohtuck, and so on to Hansi and Hissar, and with this advantage, that such a line would in the future admit of extension to the valley of the Sutlej? I do not think much weight should be given to the fact that the line from Gurree-Hurseroo to Furrucknuggur has been sanctioned; that line is only seven miles in length, and the extension to Bhowani is 43. Further, the Furrucknuggur branch is to be a light line; the ruling gradient is to be 100; this style of line would not suit for the heavy goods traffic which Mr. Furnivall anticipates for the Bhowani extension. Should the extension be made and the result be disappointing, what remedy would there be; the only thing to be done would be to extend the line to Hansi; surely it would be better to adopt the direct route from Delhi to this place at once? A line from Gurree-Hurseroo to Bhowani is on the way to no place of importance; it would be entirely dependent upon the trade of Bhowani; should this decline the railway would become almost useless.

From the Government of India, Public Works Department, to Joint Secretary to the Government of the Punjab, in the Public Works Department, Railway Branch, No. 1820 R.; dated 26th September 1871.

I am directed to forward herewith copy of reports submitted by the Government of the North Western Provinces on the subject of railway extension to the tract of country lying to the north-west of the portion of the Rajpootana railway already under construction, and to convey the following observations on the several lines of communication proposed, and on the commercial importance of the chief places they are designed to connect.

2. The city of Bhowani, situated 66 miles west of Delhi, contains about 32,000 inhabitants, but has a larger trade than is proportional to this number, as it is the abode of a number of traders, and is a depôt for the supply of the sparsely inhabited country to the west. In the year 1869 it imported 75,670 tons of goods, chiefly from the east, and consisting of food-grains, oils, salt, and sugar of various qualities; while it exported 61,818 tons of goods, chiefly to the westward, and consisting of the same chief staples as it imported. It is thus not a manufacturing but a trading town.

3. Of the imports of 75,670 tons, 24,509 tons consisted of food-grains, and of these 19,705 tons were again exported. The inference is that the difference, 4,804 tons, were consumed by the inhabitants, a quantity obviously insufficient for such a purpose when the population of the town is remembered. Either, then, the returns are incomplete, or there was a large stock of grain in hand at the beginning of the year, which hypothesis would also account for the record of 38,257 maunds of gram having been imported, and 157,521 maunds exported during this period.

4. It is nowhere shown where these food-grains are grown or what distance they travel on their way to Bhowani, and, therefore, it cannot be determined whether or not they would be carried on any railway that might be made to it. If they come from the fertile country beyond Rohtuck to the north-east, it would be useless, so far as the grain trade goes, to make a railway to the south-east, but if they come from the fields of Goorgaon on the east, it would be useless to take the railway to the north. An inquiry into these matters is necessary to enable the trade of the town to be properly comprehended. So far as present information goes, it is simply shown that a certain quantity of grain is stored at Bhowani on its way from some unmentioned district where it is grown, to districts further west where it is consumed.

5. The article of trade next in magnitude was salt, of which 23,852 tons were imported, and 11,248 tons exported in 1869. The difference could hardly have been consumed in Bhowani, and, therefore, if the returns are correct, the stock must have largely increased. It is not stated where this salt comes from, but it must probably have been brought from either Sambhur or Furrucknuggur.

6. The third largest article of trade was sugar, of which 14,557 tons were imported, and 18,602 tons exported in 1869. This sugar came in all probability from Rohilkund, and passed through Delhi.

7. The conclusion to be drawn regarding Bhowani is, that the statistics of its trade have been imperfectly laid before Government, but that it has hitherto been a place of considerable importance, and is situated on a present highway of trade. A railway to it from Delhi would

would probably carry sugar, and one from Furrucknuggur or from any point on the Rajpootana railway, would carry salt; also a line from the grain districts would probably carry food-grains, but it is questionable whether any of these railways would obtain any considerable return traffic from the town.

8. About 25 miles short of Bhowani, on the way to it from Delhi, is Beree, a large town, of which it is said that the value of the exports and imports would probably be from 15 to 20 lakhs of rupees a year. About nine miles south-east of Beree is Jhujjur, which is said to have about half the trade of Beree. But it is pointed out that this may be transit trade, on its way to Bhowani, and should not be considered as a separate traffic.

9. The direct distance from Furrucknuggur, the terminus of the salt branch to Bhowani, is 48 miles, while that *viâ* Jhujjur and Beree is about 51 miles, and it is generally agreed that if such a railway were made it should go by the way of these two towns, and thus enable the two large outlying salt factories of Zahudpoor and Silarna to place their salt on the line.

10. The direct distance from Delhi, through Beree, to Bhowani is 66 miles, and if a détour to Jhujjur were made it would add three or four miles to this length. But there is another way of reaching Bhowani or its neighbourhood. Colonel Hodgson proposed that a line should be taken *viâ* Rohtuck to Hansi and Hissar, but it is not apparent how Bhowani could be touched, except by a considerable détour. His views, however, are not explained at length.

11. The three chief lines for consideration, therefore, are:—

	Miles.
1. Furrucknuggur to Jhujjur, Beree, Bhowani, Hansi, and Hissar - - - - - - - - -	91
2. Delhi to Rohtuck, Bhowani, Hansi, and Hissar - -	109
3. „ to „ Hansi, and Hissar - - - -	95

12. The Government of India see no reason to suppose that, until the main line and salt branch of the Rajpootana railway are completed, the construction of any of these lines will press for early consideration, but before the projects are placed aside as premature, and in view to future possible railway extensions, I am directed to suggest that, when the opportunity offers, a suitable officer may be deputed to make the inquiries and collect the facts necessary to enable the Government to decide on the most appropriate method of supplying this district with railway communication. Bhowani is doubtless a large mart still, but whether it will maintain its position as such after the opening of the Rajpootana railway to Sambhur is questionable. Such an opening will probably diminish considerably the portion of Marwar which is fed through Bhowani, if not the area of Bikaneer also thus supplied, while, with the opening of the Indus Valley Railway to Bhawulpoor, Bikaneer will have another source of supply, and Bhowani may fall into comparative decay. In considering the question, it should also be recollected that the extensions of the Western Jumna Canal, recently sanctioned, will afford water communication to at least a part of the tract which it is proposed to serve by rail, and if this source of communication should be practically sufficient, no railway in this direction could be sanctioned.

(No. 1821 R.)

Endorsed by Public Works Department.

Copy to North Western Provinces, in reply to No. 51 S.R.—C., dated 8th February 1871.

Extracts from Report by Lieutenant Colonel *Peile*, R.E., on Agra District, Rajpootana Railway.

1. This system of railways has for its immediate object the opening out of the great salt-producing centres of Sooltanpore, Bhurtpore, and the Sambhur Lake, by connecting them with Delhi and Agra. In effecting this, the capital towns of Ulwur, Bhurtpore, and Jeypoor, three independent states of Rajpootana, can be readily served, and the states generally be greatly benefited.

2. The Government has in mind the advantage of extending the line towards Bombay, but for the present this is not to be permitted to complicate the question of the location of the line to Jeypoor and Sambhur, and the instructions received are to the effect that the Sambhur Lake is, for the present, to be regarded as the terminal point of the system towards the west. In discussing the relative merits of certain lines, however, it will be impossible to banish the prospective view entirely from the mind, and the weight of it may possibly prove sufficient to turn the balance in favour of some particular line.

* * * * *

12. The

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12. The only large places, having any trade, on or near the line are Agra, Achneyra, Bhurtpoor, Khombher, Jeypore, and Sambhur. The other towns and villages are small, the population of the largest numbering under 4,000 souls, and the majority containing about 400 only. There is not a single mart of any consequence apparently in the whole of the Jeypore State beyond the capital. Sambhur, the centre of the salt trade, is miserably supplied, the population may be about 5,000, and from the circumstances of the place, some appearance of prosperity might be expected to display itself, but, in fact, it is difficult in Sambhur to procure the most necessary articles of food. The truth is, it is a mere caravanserai in the middle of a desert, visited only at a certain season of the year by those of the outside world who have business there. The salt merchants arrive attended by their long strings of camels, they make their purchases and decamp as soon as they can. Food they probably bring with them for their journey. There is no prospect of developing any general trade at Sambhur. It is not wanted. The requirements of the salt manufacture and trade demand a certain population which is there concentrated. There are no neighbouring towns or villages with which a traffic might be usefully established. Within a circle of 12 miles radius around this town there are probably not 4,000 souls. Of the other places in the Jeypore State it may be said that each appears to depend in a great measure on its own produce; there seems to be no interchange. Annual or periodical fairs are held at several towns. At Dosa, for instance, there is an annual fair which is maintained for a fortnight, and probably supplies the wants of the eastern half of the state, in regard to foreign commodities, for the whole year. The line runs near Dosa, and a station is proposed at Burkhera, four miles from the town. It may be said that there is no place in the state to which it is worth while to deflect the line, and that, most probably, towns will spring up near the several railway stations, which will become centres of trade. In the Bhurtpore State the line happens to fall favourably, passing near several places of comparative importance which are served by the stations proposed. No other line would do better service. Deeg and Khonbher, with populations of 19,000 and 11,000 respectively, will be well served by the salt branch.

EXTRACTS of RESOLUTION of the Government of India, dated 15th November 1871.

1. IT having been determined by the Government of India, with the consent of Her Majesty's Government, to construct a railway from Agra by Bhurtpoor and Jeypoor to the Sambhur Salt Lake, with the immediate object of facilitating the transport to British territory of the salt so largely produced there, as well as to form an important section of a railway which should eventually traverse Rajpootana and unite with the existing railways of the Bombay Presidency, instructions were issued on the 30th October 1869, for the immediate commencement of the surveys for the preparation of a project. These were carried on during the season of 1869–70, and resulted in the submission to the Government of India, during the recess of 1870, of an excellent preliminary project, from which it was evident that the several alternative alignments and deviations throughout the route that seemed to call for consideration had been very carefully investigated. This project was very creditable to the superintending engineer, Colonel Peile, R.E., and the staff employed under his orders.

* * * *

5. As respects the location of the line between the vicinity of Jeypoor and the Sambhur Lake, the question presented for decision chiefly turned on the expediency of placing Jeypoor and Sambhur on branches in order to save through traffic from the détour involved in the adoption of a circuitous line. Sambhur, on account of its important salt product, is an obligatory point, whether it be reached by a branch or the main line be carried through it. Jeypoor is by far the largest city in Rajpootana, having, it is believed, 250,000 inhabitants, and it is manifestly inexpedient to leave a place of this magnitude at a distance from the railway. Owing to the peculiar topography before referred to it would be six miles from the line, unless a specially abrupt deviation were made to reach it. If, therefore, the main line were not diverted to reach the city, a branch would be necessary.

* * * *

7. Jeypoor is not only a very large city, but it is the capital of the state, and between it and the surrounding districts, there must of necessity be much inter-communication which it is obviously undesirable that the railway should fail to serve to the utmost. The trade of the city is almost entirely with the east, and, in its interests, shortness of through transport to and from the west is comparatively of little moment. An inspection of a map, showing the boundaries of the Jeypoor State, affords no reason for the supposition that the more direct or southern line towards Sambhur would obtain more short local traffic to or from the city than is due to the towns and villages in its vicinity. The distances within the Jeypoor territory from the south-west districts of that state are in the aggregate so small that those resident at any distance from the line of railway would probably travel direct, and by one means of conveyance to and from the city, so that the northern route, though less populous, would not, if adopted for the railway, deprive it of any serious amount of traffic.

8. The

8. The general traffic on this line must for many years be light, and, therefore, the first cost as well as the cost of working should be kept down to the utmost. With branches to Sambhur and Jeypoor, the through traffic would be saved, paying toll over a certain length (perhaps 10 miles) of line; but while this would benefit trade in a small degree, the general public who pay for the railway would suffer, for the construction of the branches would require an outlay which would be excluded from participation in the earnings from through traffic.

2.—PUNJAB NORTHERN (STATE) RAILWAY.

Note by Mr. *Le Mesurier.*

Salt Trade.

I have examined the evidence of Mr. Wright, the collector of salt revenue at Shahpoor, as tendered in October 1865, and I have obtained some information connected with the salt trade from other independent sources, particularly from Mr. P. Melvill, the Commissioner of the Rawul Pindee Division, and from Lieutenant Colonel Bristow, the Deputy Commissioner of Jhelum.

It would appear from the fact before me, that if the main line of railway is carried by a circuitous route *viâ* Jullalpore and the salt mines, a quantity of salt equal to about 950,000 maunds, or say 34,000 tons, would annually pass over the line between Peshawur and Lahore for delivery at various points both within and beyond these termini.

The greater portion of this salt now goes to Umritsur, some of it goes to Pindee, and, I presume, on to Peshawur.

In quoting the above quantity, I have made some allowance for the diversion of a portion of the Mooltan salt to the line of railway for consumption at Lahore, but I have not added much for possible increase of traffic.

Eventually Umballa will probably be on the edge of the salt traffic shed, as being about equidistant from the Somber Lakes and the Salt Range mines.

In estimating, therefore, 100 miles as the mean distance for this salt lead on the Lahore and Peshawur Railway, a very liberal margin is given; then assuming the rate for carriage to be half a pie per maund per mile (it will hardly be carried for less, and the rate I have allowed is a fair one upon which to base a calculation), the total annual receipts by the railway from salt traffic would amount to, say 2,50,000 rupees, of which possibly 1,50,000 rupees would be profit.

With the existing means of communication this salt can be delivered readily in Jhelum by camels at 5 annas a maund, and by boat at 4 annas a maund; from 1 to 1¼ annas of which latter sum is the cost of carrying from the mine to the boat. In addition to the above rates of existing carriage, the merchants who purchase under the most favourable circumstances pay *Rs.* 1. 2. per 100 maunds at the mines for weighing, but the contingent cost to the poorer merchants considerably exceeds this sum of *Rs.* 1. 2. per 100 maunds.

If the railway is carried by Jhelum the chief salt mart would be at that place, and the 34,000 tons of salt would find their way to Jhelum for distribution by railway, over nearly the same mean distance and with the same amount of profit to the railway (whatever that mean distance and profit might be), as if the line was carried by Jullalpoor; but the adoption of the Jullalpoor route would cheapen the salt to the trader to the extent of about 5 annas a maund, or less than one pie, or the eighth of a penny per pound. It is very doubtful if the consumer would derive any benefit from such a result.

If, therefore, it is possible to make a good first-class railway by Jhelum which shall be materially shorter than a line by Jullalpore, for the same money that would make the longer line, then surely the profit or advantage to be derived from the salt traffic alone should not suffice to turn the scale in favour of the Jullalpore scheme, and to add for all time an additional eight or ten miles freight on all private goods passing over the railway, independently of the additional freight on all imperial carriage.

The result of the survey operations of this season, however, tends to show that the shorter or Jhelum route will be very materially the cheaper, and the gradients and curves which can be obtained are at least as favourable as those which are offered by the Jullalpoor line.

The cost of a tramway from the mines to the river bank, with proper weigh-bridges and jetties would not exceed 35,000 *l.*, and if 50,000 tons or 14,00,000 maunds, which includes salt for down-stream transport, passed over this tramway annually at a cost of 9 pie per maund for the whole distance, including the weighing, the earnings would be 65,000 rupees, of which at least half might be reckoned as profit, and the cost of weighing and carriage to boat would be reduced from about *Rs.* 7. 8. to *Rs.* 4. 12 per 100 maunds. The whole cost to Jhelum by river route, including weighing, would be *Rs.* 20. 5. per 100 maunds, or 3¼ annas a maund against 5 annas a maund by camel *plus* the weighing at *Rs.* 1. 2. per 100 maunds, which difference would suffice to ensure the adoption of the water carriage and tramway,

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tramway, even assuming that the item of 14 rupees per 100 maunds for boat carriage is never reduced by the adoption of small tug steamers or steam barges.

I have very carefully considered the question of land carriage by a good cart road, and also by tramway from the mines to Jhelum, constructed either to the main line gauge, but with lighter permanent way, or to a narrower gauge (say 3 feet 6 inches), in accordance with some of the best and most profitable examples of tramways of which professional records are published, but in no way can I satisfy myself that it is at present expedient to incur the expense of a tramway between the mines and Jhelum, or to construct a first-class cart road upon which it would be necessary to levy tolls, or otherwise to tax the salt for road maintenance, but rather to put the water carriage on a good footing, even if the tramway from the mines to the river bank is not constructed.

(signed) *H. P. Le Mesurier.*

EXTRACT NOTE by Colonel *Taylor*, R.E., dated 30th July 1868.

6. IT appears that the quantity of salt which may be expected to use a conveniently situated line of rail from the neighbourhood of the salt mines to Lahore is 950,000 maunds. The amount *now paid for the* carriage of this quantity (nearly the whole of which goes to Umritsur) is about 5½ lakhs of rupees. The price paid for carriage varies with the demand, but is about 9½ annas per maund.

7. Without disturbing the price of salt at Umritsur and Lahore the railway might charge for carriage say 5 lakhs, out of which, according to Mr. Le Mesurier's calculation, about 4 lakhs of rupees would possibly be profit. This is a large sum and would be raised on a class of goods not liable to fall off. It represents a capital of 72,72,727 rupees at 5½ per cent.

8. The line proposed by Mr. Lee Smith would secure the whole of this traffic and the profit resulting from it.

9. Mr. Le Mesurier's line would, I am persuaded, lose the whole of it. The cost of carriage per maund, *viâ* Jhelum, would be—

Mines to Jhelum - - - - - - -	5 annas.
Jhelum to Lahore by rail - - - - - -	4½ "
TOTAL to Lahore - - -	9½ "

Which is much what is now paid for camel carriage. There would thus be no saving in cost by sending the salt by Jhelum, while there would be all the inconveniences attending the breaking of bulk at Jhelum. Even if the salt were to adopt the Jhelum route, as anticipated by Mr. Le Mesurier, the cost of transit of the whole 9,50,000 maunds would be—

	Rs.
Mines to Jhelum - - - - - - - -	2,96,875
Jhelum to Lahore - - - - - - - -	2,50,000
TOTAL - - -	*Rs.* 5,46,675

So that the railway income would only be 2½ lakhs of rupees, instead of 5½ lakhs, or profit 1½ lakhs against 4½ lakhs.

10. As already said, however, I believe that the salt trade would not use a line passing through Jhelum and Goojerat at all.

EXTRACT NOTE by Colonel *Drummond*, R.E., Consulting Engineer to the Government of the Punjab, dated 28th July 1868.

3. * * * I MAY point out what appears to me to be a miscalculation of the profit from the salt trade in the memorandum by Colonel Taylor which accompanied Mr. Lee Smith's report of March 1866; not a miscalculation in the sense in which Colonel Taylor has viewed the question, but in this way, that to arrive at the result which he has set down as to the profit from the salt trade, it would be necessary to carry the salt at the rate at which valuable piece goods and medicinal drugs are carried on the East Indian and Punjab Railways, viz., one pie per maund per mile. I cannot believe that Government would consent to charge a higher rate for the carriage of salt than that which has been approved on the guaranteed railways, viz., one-third of a pie per maund per mile.

* * * *

6. * * * Mr. Le Mesurier has calculated the carriage of salt at a half pie per maund per mile, whereas it may and ought to be carried at one-third of a pie, and at that rate by rail from Jhelum to Lahore, and at 5 annas a maund by camel, or a trifle less by boat from the salt mines to Jhelum, the salt can be delivered at Lahore for a little under 8 annas a maund for the carriage; whereas by ordinary means of transit on the direct route it cannot be delivered under rates varying from 9 to 11 annas, a maund [inclusive of tolls at ferries. The arguments in favour of No. 1 (Mr. Lee Smith's line) may be summed up thus: salt, coal, and possible traffic from the westward; and against seven miles additional length, more tunnelling, stiffer gradients, and presumably therefore more money to construct and to work, extra expense for telegraph, abandonment of the old and well-established line of traffic through a richer and more populous country, and the loss of the great gain of a first-class metalled road in close proximity. I think, on the whole, the balance is in favour of No. 2 (Mr. Le Mesurier's line).

MINUTE by the Lieutenant Governor of the Punjab; dated 5th August 1868.

WHEN this subject was considered in 1866, I was certainly strongly impressed in favour of a line going as near as possible to the salt and coal mines, assuming that this was the only means by which the salt traffic could be secured for the railway, and the coal of the mines be rendered available for fuel.

Since, then, however, I have traversed the road between Pind Dadun Khan and Jhelum, and I see no valid ground for supposing that the salt traffic will not be secured by the railway, if the railway crosses the river at the latter place, and if the conveyance of coal thither from the mines should not prove remunerative, this is a matter of infinitely less importance. The above line of road, if taken between the river and the hill spur, which abuts on Jullalpore, as is proposed by the local authorities, will be perfectly level for the whole distance between the mines and Jhelum. It is an excellent dry weather road at the present time, measuring probably about 50 miles in length; and if the two or three considerable streams which cross it are bridged, the cost of which would be fully justified by the importance of securing the salt and other traffic, the road would be an excellent one throughout, practicable at all seasons.

Another reason which led me, in the first instance, to prefer the line selected by Mr. Lee Smith was this: That as soon as a canal shall have been formed from the Chenab traversing the Rechna Doab, I anticipate that this doab will surpass the Baree Doab in productiveness, the soil being universally deemed superior, and there is every prospect also of canal irrigation in various modes being ultimately introduced very generally throughout the Jech Doab between the Chenab and Jhelum. When this state of things shall have been attained, both doabs will become well peopled, prosperous and rich, and with this prospect in view, it seemed to me that a line intersecting the doabs lower down, and thus securing the traffic of a larger area, would be preferable to a line passing through the upper portion of the doabs, in greater proximity to the hills.

There can, however, be no doubt that some generations must elapse before the productiveness and population of the tract referred to can become largely developed, and when that shall be the case, I am now inclined to consider that the most advantageous line of railway to meet their requirements would be one, not from Lahore, *vià* Goojranwala to the salt mines, but one direct from Lahore to Shahpoor and Khoshab, which would then doubtless be taken advantage of by the traffic from Dera Ismael Khan and the regions beyond, as well as by the salt trade from the Sardee, Warcha, and Kalabagh mines.

On the other hand, it cannot be denied that, as shown by the consulting engineer in his memorandum, the selection for the railway line of a route closely adjoining the Grand Trunk-road, would secure many and great advantages not attainable by any other route that could be selected. I concur then with Mr. Le Mesurier and the consulting engineer in considering that if on the completion of more detailed inquiries it appears that the gradients on the line proposed by the former gentleman will be as favourable as that selected by Mr. Lee Smith, the former should be preferred. And this preference will of course be enhanced, if, as Mr. Le Mesurier anticipates, the gradients prove more favourable and the probable cost less.

In the consulting engineer's note, as in that supplied by Colonel Taylor in March 1866, it is assumed that the cost of conveying salt from the salt mines to Jhelum would be 5 annas per maund; but I feel quite convinced that with a good bridged road, the cost even from the Khewra mines (the Jutara one, to which Mr. Lee Smith refers, being at present closed), would not exceed from 2 to 3 annas per maund at the utmost. The consulting engineer also expresses the opinion that the charge per mile should not exceed one-third of a pie, the rate charged on the guaranteed railways. But seeing that no less than three great rivers will be crossed in a little more than 100 miles between Lahore and Jhelum, it would, in my opinion, be perfectly reasonable to charge half a pie. Even at this rate, I estimate that the entire cost of conveying the salt from the mines to Lahore would not exceed 7 annas at the utmost; and seeing that the charge at present is 10 or 11 annas a maund, it can hardly be doubted that the railway will be preferred, while the income accruing to the railway from this source alone will probably be from 2 to 3 lakhs per annum.

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EXTRACT LETTER from Colonel *Dickens*, Secretary to Government of *India*, to the Under Secretary to the Government of the *Punjab*; dated 5th October 1868.

4. IT is of all things essential that a line such as this, on which the prospect of remunerative traffic is remote, should be carried out with the strictest attention to economy. Rapidity of construction is also an element of much value. There would seem to be little doubt that both these conditions would be attained by following the route of the Trunk-road, and in a greater degree by appropriating a portion of the surface of the road for the rails. On the other hand, the commercial advantages to be derived by affording facilities to the salt traffic would be somewhat sacrificed by adopting the Trunk-road route. Not, however, altogether so; for with a proper tariff and with improvements in the communication between the mines and Jhelum, salt going to the eastward ought to be attracted to the rail at that place, and there break bulk as now it does at Lahore.

5. If, after making due allowance for the less decided facilities afforded to the salt trade, the advantage in point of cost of construction should be in favour of the Trunk-road route, it may be right to adopt it. This point should, therefore, be fully considered by the Punjab Government in communication with Mr. Lee Smith, and in the meantime the question of the best manner of providing for the salt trade, whether by a branch railway, a canal, a road, or by improving the existing water communication or means of transport, should be thoroughly investigated. Between Lahore and Goojranwalla there is no question as to the direction of the line, except that of the actual appropriation of a portion of the Trunk-road.

EXTRACT LETTER from Mr. *Le Mesurier*; dated 18th July 1868.

INDEPENDENTLY of the salt traffic, I am not aware of any special development of trade which can be expected from the location of a line of railway at a distance from the existing commercial centres.

The condition and prospects of the salt trade are not such as to warrant the adoption of a circuitous route *viâ* Jullalpoor, which would add 10 or 11 miles to the whole distance between Lahore and Pindee.

EXTRACT LETTER from Colonel *Strachey*, R.E., Officiating Secretary to the Government of India; dated 12th May 1869.

2. * * * HAVING regard to the probable small traffic on this railway, for many years to come at all events, the permanent burden on account of interest on a very costly line would be extremely onerous.

EXTRACT DESPATCH from the Government of India, No. 20, of 15th February 1870.

9. * * * THE question, however, remains to be considered whether the requirements of the salt trade may not be sufficiently met by the water communication in the Jhelum, and on this point further inquiry is being made.

COPY of LETTER from Lieutenant Colonel *Sandilands*, Executive Engineer in the Jullundier Division; dated 15th January 1870.

I HAVE the honour to state that while down on a visit to the salt range the other day, where I was once executive engineer for three years, I heard that there is some intention of constructing a narrow gauge railway from left bank of the Jhelum to join the Northern State Railway. As I know the place and its resources pretty well I take the liberty of pointing out a few things.

1stly. That it is doubtful whether, for a long time, at least, the rock salt will be much more used, for the people outside the Punjab have a prejudice against it and consider it unwholesome. In the time of the emperors the mines were shut, and only reopened by the seikhs. In old days I recollect the Hindostan sepoys used to eat it on ordinary occasions for economy, but on great days they ate the low country salt.

2ndly. With

Appendix, No. 12.

2ndly. With river carriage only 51 miles below the new Northern State Railway, and if there be no great increase over present demand, the necessity of land carriage is not apparent, and, as I shall presently show, salt can be tracked up to Jhelum for less than it could be taken by railway.

It is to be recollected that to get to the rail the salt must be ferried across the river and then loaded, and perhaps carried some distance to the station, while the salt, once in the boat, the native merchant, unless I greatly mistake, would sooner at once have it sent by river to Jhelum.

3rdly. The railway is simply of use as a means of conveyance. In a country so destitute of fuel it is injurious; if, therefore, the river be deemed not enough for the conveyance of the salt, a canal between the Jhelum and the Chenab, joining the Northern State Railway about Wuzeerabad, would carry salt, &c., save fuel, and fertilise the present desert which lies between these rivers. The salt could then be taken in canal boats at once from the right bank of the Jhelum at Chuck Nizam (eight miles from Pind Dadun Khan). The river runs through permanent banks, and is about 1,400 feet wide in flood, so without breaking bulk it could be tracked on by the canal to Wuzeerabad for transport by rail.

It is only during the dead winter months that boats are towed with trouble up the river Jhelum from scarcity of water. During the hot weather the wind almost always blows up stream, and with sails the boats go up quickly and return in one night.

The mines are only worked for 10 months in the year; the heat of the gorge and danger from slips in the mines, combine in preventing the miners working during the rains, and they move in a body to a village provided for the purpose on the top of the highest hill in the neighbourhood. They stay there till time to recommence operations. The quantity of salt turned out in these 10 months averages about 3,000 maunds per diem, and to remove the quantity to meet the train daily at Jhelum only 10 boats, holding 300 maunds each, would be required; and giving the absurdly long time for going and coming of 15 days, we have one boat carrying two freights per month of 300 maunds each, or 600 per mensem:—

Allowing a crew of six men at 5 rupees each per mensem - -	30 rupees.
One tindal at 7 rupees - - - - - - - - -	7 „

37÷6, or little over 6 rupees per 100 maunds, but three trips in the month will be often practicable, which would be a little over 4 rupees per 100. The carriage to the river side is, of course, common to both water and rail carriage:—

	Rs.	*a.*	*p.*	
The present ferry tolls levied for salt is 6 pies per maund, or - - -	3	2	–	per 100 maunds.
And the carriage of salt by railway, at 1-3rd pie per mile, for 51 miles, is 1 anna 5 pies per maund, or per 100 maunds *Rs.* 8. 13. 8. - - -	8	13	8	
TOTAL - - - *Rs.*	11	15	8	

Thus the Jhelum boatmen could underbid the railway offer.

Already the people are combining river with railway traffic for about one-third of the whole out-put of the mines, which is now conveyed by boats to Mooltan, and thence by rail to Lahore.

EXTRACT RAILWAY DESPATCH to the Government of India, No. 24 of 20th April 1870.

3. * * * I shall be glad if the result of the further inquiries you are making as to the requirements of the salt trade shall be such as to satisfy you that these may be sufficiently met without a special branch to the salt range, by water carriage on the Jhelum. If, however, a branch line should be found preferable, I quite agree with you that it should be of narrow gauge.

3.—INDUS VALLEY (STATE) RAILWAY.

MEMORANDUM by Colonel *R. Strachey*, R.E., Inspector General of Irrigation, dated 30th July 1868.

RAILWAY in SINDH.

THE Statistical Tables which I have obtained from Sindh enable me to give some more definite facts regarding the population and produce of the country than was possible when I wrote my Memorandum on this subject early last year.

First, I have the following Statement of the Exports from all the ports in Sindh for five years—

	Exported.	Railway down Goods.
	Tons.	*Tons.*
1861-2 - - - - - -	101,446	—
1862-3 - - - - -	157,265	89,724
1863-4 - - - - - -	184,889	109,956
1864-5 - - - - -	149,636	83,898
1865-6 - - - - - -	119,823	104,516

The bulk of the above is exported from Kurrachee, the other ports being of relative small importance. It will also be seen from the statement of the railway traffic for the several years, that nearly all the export goods now pass over the railway.

The average area in Sindh, under crop, is shown to be a little over 1½ million acres; of this, no doubt 1¼ million acres are food crops. From the figures given, eight maunds an acre is more than the average crop, so that 10 million maunds, or 370,000 tons, is in excess of the total weight of the grain produce. The residue of the area, if cultivated with oil seeds and cotton, which are the chief exports, may be reckoned to give four maunds per acre at the outside. This will be one million maunds, or 37,000 tons; thus the total produce of Sindh cannot be in excess of 400,000 tons, and almost certainly falls sensibly below that amount.

To consider the available produce for export we have to estimate for the food of the 1½ million of inhabitants and their cattle. At one seer per day, a man would eat nine maunds of grain in the year. To allow for women and children, it will be necessary to reduce this rate considerably, and perhaps one-fourth of it will be a safe proportion to reckon as the actual consumption. For the 1½ millions of people, we should therefore require 3,375,000 maunds, or say 125,000 tons of grain; this would leave 245,000 tons available for the cattle and export. If we consider that the cattle consume half the produce of the land under Jewar and Bajra, it would give 2,800,000 maunds. Let us suppose that two million maunds is so consumed, or say 70,000 tons, and we shall have a net remainder of grain for export of 175,000 tons as a maximum, and a total of 212,000 tons.

The details of the probable distribution of the produce in the returns are incomplete, but putting them together in the best way that I can, I obtain the following results:—

	Tons.
Total produce including Kurbee, *i.e.*, straw used for cattle-feeding - - - - - -	436,000
Consumed by the population - - - -	188,000
Exported - - - - - - - -	248,000

Considering the very rough character of the calculation in both ways, the results are not more at variance than might have been expected, and they seem to show that from 200,000 to to 250,000 tons is the outside of the possible total export of produce from Sindh, at present.

As I noticed in the paper to which I have referred, since the railway must run on one side of the Indus or the other, that side which it did not occupy could hardly be affected by it; and as Sindh is nearly divided into two equal parts by the Indus, it is very unlikely that if the whole available produce came on to the railway for transport to Kurrachee, it would, on the average, exceed much the half of the 250,000 tons, or say 125,000 tons, which could not possibly pay 5 per cent. on the cost of the line, or nearly that amount.

The comparison of the facts relating to the cultivated area and population on the line from Kotree to Rohree, and onwards to the Bhawulpoor frontier, with the corresponding facts for the North West Provinces, between Benares and Saharumpoor, gives the following results.

In Sindh, on a length of about 200 miles, the average per square mile of country passed, is as follows:—

Cultivated acres yearly, per square mile - - -	44
Rural population - - - - - - - -	57
Town population in towns of 5,000 and over - - -	7

In the North West Provinces, on a length of 560 miles, we have as follows:—

Cultivated acres yearly, per square mile - - -	396
Rural population - - - - - - - -	390
Town population, in towns of 5,000 and over - -	48

If the calculation of the town population is made for the mile in length of the railway, we should have for Sindh 315 per mile, and for the North Western Provinces 2,660 per mile. Of course, my only intention in putting these figures in juxtaposition is to give a standard of comparison with what is without doubt the richest part of India in point of cultivation and population.

The conclusion, I think, cannot be questioned after the comparison has been made, that all said by me about the poverty, the population, and bad cultivation of Sindh is fully justified.

(signed) *R. Strachey,*
Colonel, R.E.

TABLE I.—CLASSIFICATION of LANDS and CROPS.

CLASSIFICATION OF LANDS.			——	Frontier of Upper Sindh.	Shikarpore	Hyderabad.	Kurrachee.	TOTAL.
				Acres.	*Acres.*	*Acres.*	*Acres.*	*Acres.*
	A	Total Area - - - -	- -	1,297,920	4,898,674	5,747,184	8,735,885	28,679,663
	B	Barren- - - - -	- -	101,711	2,365,136	1,988,147	7,123,015	11,578,009
A	C	Residue Cultivable - -	- -	1,196,209	2,533,538	3,759,037	1,612,870	9,101,654
	D	Jagheer, or not paying revenue	- -	30,519	485,833	572,330	339,442	1,428,124
C	E	Cultivable, not cultivated -	- -	944,804	1,011,615	1,395,684	885,759	4,237,862
	F	Fallows of one year - -	- -	117,511	371,658	1,314,337	93,150	1,896,656
	G	Crop of one year - - -	Rubbee - Khurreef -	37,060 66,315	210,928 453,504	69,159 407,527	104,303 190,216	421,450 1,117,562
			Total - -	103,375	664,432	476,686	294,519	1,539,012
	H	Baranee, or not irrigated -	Rubbee - Khurreef -	- - - -	1,245 9,745	6,630 10,753	10,793 33,457	18,668 53,955
			Total - -	- -	10,990	17,383	44,250	72,623
		Canal irrigated by Sift - -	Rubbee - Khurreef -	- - 48,577	22,769 95,979	8,188 289,801	7,526 45,001	38,483 479,358
			Total -	48,577	118,748	297,989	52,527	517,841
G	I	Canal irrigated by Flow -	Rubbee - Khurreef -	6,035 15,984	103,683 322,363	34,546 102,813	60,124 91,683	204,388 532,843
			Total - -	22,019	426,046	137,359	151,807	737,231
		Total Canal irrigated - -	Rubbee - Khurreef -	6,035 64,561	126,452 418,342	42,734 392,614	67,650 136,684	242,871 1,012,201
			Total - -	70,576	544,794	435,348	204,334	1,255,072
	J	Irrigated from other sources -	Rubbee - Khurreef -	31,025 1,754	83,231 25,417	17,775 4,160	25,860 20,075	159,911 51,406
			Total - -	32,779	108,648	23,955	45,935	211,317
	I & J	Total irrigated - - -	Rubbee - Khurreef -	37,060 66,315	207,683 443,759	62,529 396,774	93,510 156,759	402,782 1,065,607
			Total - -	103,375	653,442	459,303	250,269	1,466,389
		Population - - - -	Town - Rural -	20,000 60,672	74,143 459,476	33,961 588,737	100,000 240,000	228,104 1,348,885
			Total - -	80,672	533,619	622,698	340,000	1,576,989

ABSTRACT of AREAS and ACRES.

——	Rubbee.	Khurreef.	TOTAL.
	Acres.	*Acres.*	*Acres.*
Baranee - - - - - - - - -	18,668	53,955	72,623
Canal - - - - - - - - -	242,871	1,012,201	1,255,072
Other irrigation - - - - - - -	159,911	51,406	211,317
Total Crop - - - - - -	421,450	1,117,562	1,539,012
Fallow - - - - - - -	- -	- -	1,896,656
TOTAL Cultivated - - -	- -	- -	3,435,668

TABLE 2.—DISTRIBUTION of CHIEF CROPS in ACRES.

CROP.		Frontier.	Shikarpoor.	Hydrabad.	Kurrachee.	Total.
		Acres.	*Acres.*	*Acres.*	*Acres.*	*Acres.*
Khurreef - - -	Rice - - -	1,433	122,541	65,856	104,556	294,386
	Cotton - - -	1,506	31,127	27,180	3,797	63,560
	Jowar and Bajree -	56,970	287,673	275,181	70,150	689,974
	Til (oil seed) - -	2,389	9,913	24,021	3,284	39,607
	Others - - -	3,367	6,662	8,718	2,510	21,257
	Total - - -	65,665	457,916	400,906	184,297	1,108,784
Rubbee - - - -	Wheat and Barley -	22,984	116,290	29,035	46,412	214,721
	Pulse - - -	716	19,188	2,657	5,580	28,141
	Oil seeds - - -	11,654	13,427	- -	6,770	31,851
	Others - - -	1,706	52,338	37,467	45,541	137,052
	Total - - -	37,060	201,243	69,159	104,303	411,765
Two fussel crops - -	Sugar - - -	- -	892	1,380	2,161	4,433
	Vegetables - -	639	2,274	1,295	2,473	6.681
	Fruit trees - -	11	2,107	3,946	1,285	7,349
	Total - - -	650	5,273	6,621	5,919	18,463
	GRAND TOTAL - - -	103,375	664,432	476,686	294,519	1,539,012

TABLE 3.—WEIGHTS of PRODUCE in Maunds of 82 lbs.

Nature of Produce.	Total		Frontier.	Shikarpoor.	Hydrabad.	Kurrachee.
	Area.	Weight.				
	Acres.	*Maunds.*				
Rice - - - - - -	294,000	2,162,000	12,000	1,100,000	500,000	550,000
Cotton - - - - -	64,000	111,000	2,000	50,000	51,000	8,000
Jowar and Bajrá - - -	690,000	6,045,000	1,025,000	2,456,000	2,004,000	560,000
Oil Seed - - - - -	72,000	288,000	70,000	110,000	78,000	30,000
Wheat and Barley - - -	220,000	1,760,000	273,000	913,000	270,000	304,000
Pulse - - - - -	28,000	168,000	22,000	120,000	10,000	16,000
Others - - - - -	172,000	1,239,000	42,000	300,000	400,000	497,000
TOTAL - - -	1,540,000	11,773,000	1,446,000	5,049,000	3,313,000	1,965,000
Kurbee or Jowar Straw - -	-	24,453,000	4,313,000	8,850,000	9,090,000	2,200,000

TABLE 4.—DISTRIBUTION of PRODUCE in Maunds of 82 lbs.

——	Rice.	Cotton.	Oil Seeds.	Jowar and Bajree Grain.	Wheat and Barley.	Pulse.	Other Crops.	Total.
EXPORTS:								
Upper Sindh - - -	2,000	1,000	30,000	313,000	110,000	11,000	17,000	484,000
Shikarpoor - - -	600,000	14,000	50,000	1,170,000	353,000	60,000	150,000	2,397,000
Hydrabad - - -	240,000	22,000	40,000	667,000	90,000	5,000	200,000	1,264,000
Kurrachee - - -	300,000	4,000	15,000	260,000	100,000	8,000	250,000	937,000
TOTAL - - -	1,142,000	41,000	135,000	2,410,000	653,000	84,000	617,000	5,082,000
KEPT FOR CONSUMPTION:								
Upper Sindh - - -	10,000	1,000	40,000	712,000	163,000	11,000	25,000	962,000
Shikarpoor - - -	500,000	36,000	60,000	1,286,000	560,000	60,000	150,000	2,652,000
Hydrabad - - -	260,000	29,000	38,000	1,337,000	180,000	5,000	200,000	2,049,000
Kurrachee - - -	250,000	4,000	15,000	300,000	204,000	8,000	247,000	1,028,000
TOTAL - -	1,020,000	70,000	153,000	3,635,000	1,107,000	84,000	622,000	6,691,000

TABLE 5.—AREAS and POPULATION of TALOOKS on the projected Line of RAILWAY from KOTREE to MOOLTAN.

TALOOKS.	Area.		Population.		——
	Total.	Crop.	Town.	Rural.	
	Acres.	*Acres.*			
Hyderabad - - - - -	202,000	31,000	34,000	48,000	
Halla - - - -	390,000	36,000	„	49,000	
Shadadpoor - - - -	422,000	37,000	„	47,000	
Sukkurund - - - -	797,000	41,000	„	45,000	Length of 120 miles.
Mora - - - - - -	685,000	26,000	„	99,000	
Nowshera - - - - -	331,000	66,000	„	59,000	
Kundiara - - - - -	309,000	39,000	„	26,000	
Roree - - - - -	990,000	19,000	29,000	57,000	
Syndpoor - - - - -	107,000	11,000	„	10,000	
Ghotke - - - - -	238,000	40,000	„	34,000	Length of 80 miles.
Meerpoor - - - - -	1,101,000	31,000	„	23,000	
Oobrara - - - - -	288,000	23,000	„	21,000	
TOTAL - - -	5,860,000	400,000	63,000	518,000	
	9,100 square miles.	44 acres per square mile.	7 per square mile.	57 per square mile.	

TABLE 6.—AREAS and POPULATION of DISTRICTS from *Benares* to *Saharunpore* on the Line of Railway.

DISTRICTS.	Total Area.	Cultivated Area.	Population.	
			Town.	Rural.
	Acres.	*Acres.*		
Benares - - - - - - - - -	637,000	473,000	173,000	620,000
Mirzapoor - - - - - - - -	3,328,148	1,000,000	82,000	972,000
Allahabad - - - - - - - - -	1,769,567	1,045,000	106,000	1,287,000
Futtehpoor - - - - - - - -	1,011,426	549,000	25,000	656,000
Cawnpoor - - - - - - - - -	1,514,000	856,000	135,000	1,054,000
Etah - - - - - - - - - -	899,000	585,000	60,000	554,000
Etawah - - - - - - - - -	1,044,000	583,000	39,000	587,000
Mynporee - - - - - - - - -	1,067,000	577,000	42,000	658,000
Agra - - - - - - - - - -	1,199,000	868,000	143,000	886,000
Muttra - - - - - - - - -	1,032,000	831,000	74,000	726,000
Allygurh - - - - - - - - -	1,190,000	933,000	122,000	804,000
Boolundshuhur - - - - - - - -	1,221,000	823,000	111,000	689,000
Meerut - - - - - - - - -	1,512,000	1,082,000	173,000	1,027,000
Mozufferungger - - - - - - - -	1,054,000	703,000	83,000	599,000
Saharunpoor - - - - - - - -	1,426,000	1,002,000	123,000	743,000
TOTAL - - -	19,903,000	11,910,000	1,491,000	11,862,000
	30,100 square miles.	396 acres per square mile.	48 per square mile.	390 per square mile.

EXTRACT DESPATCH from the Government of India, No. 52, dated 17th May 1870.

5. * * * The poor returns hitherto realised on the Sindh and Punjab railways and on the Indus Flotilla do not justify our forming any sanguine expectation of an early remunerative traffic on the Indus Valley Railway, even when completed, so as to form a through-line of communication, and afford an additional reason, if needed, for keeping down the outlay, both on first cost and on working, to the lowest possible limits.

EXTRACTS from LETTER of Lieutenant Colonel *Pollard*, R.E., Joint Secretary to the Government of the Punjab, dated 14th June 1870.

FURTHER investigation and inquiry showed that it was very desirable to tap the important districts about Shoojabad, and to approach that town, which has a considerable grain market, as closely as the features of the country and the periodical inundations to which it is known to be subject, would permit.

* * * * * * *

The Shershal route, is locally very popular. There is a good deal of local traffic; Shershal is itself a place of interest to the people, and is the seat of an annual fair of some note.

Appendix, No. 12.

EXTRACT LETTER from the Secretary to the Government of India to the Secretary to the Government of the Punjab, of 29th June 1870.

3. THE arguments adduced in favour of a direct line south of Bahawulpoor to Mobarukpoor and Chunnee Ghote are less convincing. Mobarukpoor is a place of considerable commerce, and its convenience must be carefully consulted; the country between it and Chunnee Ghote is also represented to be less barren than the districts more to the westward, but Ahmedpoor is represented to contain upwards of 40,000 inhabitants; and although it is not the centre of any large trade, the requirements of so large a population of even a pleasure resort must constitute an important traffic on any railway. Should Ahmedpoor be as populous as it is represented to be, a slight deviation westerly should be considered so as to bring the line nearer to Ahmedpoor, without materially lengthening the railway, and thereby adding to its cost, and without also removing the line from that country which the Punjab Government is desirous to accommodate.

EXTRACT LETTER from Lieutenant Colonel *O'Connell*, dated 17th May 1871.

27. * * * No town of any importance is distant from this line. The village Oobaroo, near to which this line does not pass, is reported to be surrounded by water during the floods, and its population is only 1,345.

28. The present population of the district is, in fact, generally so small that provision for their convenience, though a necessary, is still a minor subject for consideration. Future additions to the population may, in the case of this line, be considered as sure to congregate near the railway, provided it be constructed so that it shall not be washed away during heavy floods.

BAHAWULPOOR STATES, THIRD OR KHANPOOR DIVISION, INDUS VALLEY (STATE) RAILWAY.

ABSTRACT of Third or Khanpoor Division Statement, showing the distribution of Crops, Land, and Jungle.

NAME OF TOWN.	CROPS.		LAND.			JUNGLE.		POPULATION.		Total Population.
	Khurreef.	Rubbee.	Cultivated	Fit for Cultivation.	Unfit for Cultivation.	Wood.	Dry.	Of Towns.	Of Villages.	
Sutzulkot - -	67,539	38,719	106,258	- -	190,118	Not known.	Not known	1,851	4,196	6,047
Ahmedpoor-Lumba -	26,652	15,132	41,784	- -	170,000	7,000	163,000	4,726	13,944	18,670
Nowsheira - -	55,478	41,000	96,478	- -	2,000	1,000	- -	1,663	32,505	34,168
Khanpoor - -	39,241	21,826	61,067	129,266	47,220	58,000	47,220	5,572	40,000	45,572
TOTAL - -	188,910	116,677	305,587	12,926	409,338	66,000	210,220	13,812	90,645	104,457

(signed) *S. S. Ryan*, C.E.,
Executive Engineer.

STATEMENT showing Population of the following Towns of the Rohree Deputy Collectorate, Fourth Division, Indus Valley (State) Railway.

Distance from Rohree in Kiloyards.	Names of Towns.	Population.
0	Rohree - - - - -	11,326
30	Punno Akil - - - - -	625
60	Ghotkee - - - - -	2,869
56	Adulpoor - - - -	1,000
66	Matheloo - - - - -	800
86	Meerpoor - - - -	900
103	Khyerpoor - - - -	2,100
104	Retee - - - - -	300
107	Oobaoroo - - - -	1,345
	GRAND TOTAL - - -	21,265

STATEMENT showing that Portion of the Trade of the foregoing Towns which will probably furnish Traffic for the Indus Valley Railway.

From.	To.	Items.	Quantity		Value. Rs.	a.	p.	REMARKS.	
Rohree - -	Jeysulmeer - -	Wheat - -	4,000	Maunds	12,000	–	–	Half	
Ditto - -	- ditto - -	Goor Mustee -	1,000	ditto	5,000	–	–	ditto.	
Ditto - -	- ditto - -	Oil - - -	300	ditto	3,000	–	–	ditto	
Ditto - -	- ditto - -	Rice - -	500	ditto	2,400	–	–	ditto.	
Ditto - -	Jacobabad - -	Salt - -	2,000	ditto	2,500	–	–	ditto	
			7,800	× $\frac{20}{27 2}$ =	- - - -			5,550 tons, miles - -	5,550
Rohree - -	Sukkur - -	Ropes, string, &c.	1,000	Maunds	4,000	–	–	20	
Ditto - -	Khyerpoor - -	Indigo - -	100	ditto	9,000	–	–	ditto	
Ditto - -	- ditto - -	Silk - -	- -	- - -	3,000	–	–	ditto.	
			1,100	× $\frac{20}{27 2}$ =	- - - -			810 tons, miles - -	810
Ghotkee - -	Sukkur and Shikarpoor.	Wheat - -	36,500	Maunds	1,09,000	–	–	40	
Adulpal and Matheloo.	- ditto - -	Jowar - -	10,000	ditto	22,000	–	–	ditto.	
Ditto - -	- ditto - -	Cotton - -	500	ditto	10,000	–	–	ditto	
Ditto - -	- ditto - -	Ghee - -	290	ditto	5,800	–	–	ditto	
Ditto - -	- ditto - -	Grain, peas, &c	240	ditto	600	–	–	ditto.	
Ditto - -	- ditto - -	Indigo - -	30	ditto	2,700	–	–	ditto	
Ditto - -	- ditto - -	Chillies - -	120	ditto	60	–	–	ditto	
Ditto - -	- ditto - -	Wool - -	50	ditto	- - - -			ditto	
Ditto - -	- ditto - -	Ropes, Hemp -	100	ditto	400	–	–	ditto.	
Ditto - -	- ditto - -	Babool wood -	700	ditto	- - - -				
			48,830	× $\frac{40}{27 2}$ =	- - - -			74,000 - - - -	74,000
Meerpoor - -	Sukkur - -	Wheat - -	13,200	Maunds	39,600	–	–	50	
Ditto - -	- ditto - -	Barley - -	640	ditto	1,280	–	–	ditto	
Oobaoroo - -	- ditto - -	Wheat - -	16,000	ditto	48,000	–	–	60	
Khyerpoor -	- ditto - -	Oil seeds - -	7,090	ditto	1,180	–	–	ditto	
Ditto - -	Mooltan - -	Wheat - -	10,000	ditto	30,000	–	–	80	
			13,840	- -	× 50 = 25,000	–	–		
			27 2 23,090	- -	× 60 = 50,800	–	–	$\frac{186,160}{133 \text{ miles}}$ = 1,400 tons.	105,800 186,160
			27 2 10,000	- -	× 80 = 29,500	–	–	through the line, the length of which in the 4th Division is 133 miles	
			27 2		1,05,800	–	–		

STATEMENT showing Area of Rubbee and Khureef Cultivation in the Rohree Deputy Collectorate.

Particulars.	Acres.	Revenue.	REMARKS.
		Rs.	
Area of Rubbee cultivation dependent on floods.	61,629	1,52,434	Within proposed line of railway.
Area of Rubbee cultivation dependent on wells, &c.	9,512	26,744	- ditto - - ditto.
Area of Rubbee cultivation dependent on floods.	37,667	94,982	Outside of proposed line of railway (i. e. on the river side).
Area of Rubbee cultivation by wells, &c.	15,576	39,584	- ditto - - ditto.
Area of Khureef cultivation -	36,035	82,980	Within proposed line of railway.
Area of Khureef cultivation -	18,948	42,773	Outside - - ditto.
GRAND TOTAL - - -	179,374	4,39,497	

(signed) *W. Watson,*
Deputy Collector, Rohree District.

Appendix, No. 12.

AREAS and POPULATION of TALOOKAHS on the projected line of Railway from Rohree to the Bahawulpoor Frontier, Fourth Division.

TALOOKAHS.	AREA.		POPULATION.	
	Total Acres.	Crops.	Total.	Rural.
Rohree - - - - - - -	990,000	19,000	29,000	57,000
Syudpoor - - - - - - -	107,000	11,000	- -	10,000
Ghotkee - - - - - - -	238,000	40,000	- -	34,000
Meerpoor - - - - - - -	1,101,000	31,000	- -	23,000
Oobaoroo - - - - - - -	288,000	23,000	- -	21,000
TOTAL - - -	2,724,000	124,000	29,000	145,000
	4,256 sq. miles.	29 acres per sq. mile.	7 per sq. mile.	34 per sq. mile.

EXTRACTS from LETTER from Mr. *Wallace*, Acting Collector of Shikarpoor, dated 16th May 1871.

11. The line, moreover, passes through the best cultivated part of the district and the most important places, viz., Punnoo-Akil, Dadloee and Ghotkee.

12. From Surhud across to Meerpoor, the country is poor, being flooded; it yields only a rubbee crop, and there is no disguising the fact that, through the three breaches you mentioned in the high ridge connecting these two places, the greater portion of the flood which sweeps the district finds its way. It would be presumptuous in me to offer an opinion as to the engineering difficulty, or otherwise, of crossing these openings. I would, however, beg leave to suggest that a liberal addition be made to the depth and velocity of water, as ascertained by experiment at these places, as, for many years past, the floods from above have not been nearly as heavy as in my recollection of 1853 and 1854.

13. From Meerpoor to Khyrpoor-Deherkee and Rehtee is as good a line as could be chosen; the land is chiefly under rubbee cultivation, the floods or fear of them preventing much khureef cultivation anywhere between these towns and the river, whilst Khyrpoor-Deherkee is, in a commercial point of view, of more importance than Oobaoroo, the trade between the Marwar country and this part of Scinde having its head quarters at Khyrpoor.

* * * * * *

26. I subjoin a few statistics showing the area, population, revenue, &c., of the Rohree district. There are four Talookas:

Rohree.
Syudpoor (head quarters Punnoo-Akil).
Ghotkee.
Meerpoor.
Oobaoroo.

27. These Talookas are sub-divided into 31 tuppas and 350 villages.

28. Excluding the large sandy and desert tract on the east, which yields scarcely any revenue and is almost uninhabited, the area of the district is 2,796 square miles, with a population of 114,900 souls, according to the census taken in 1854, thus giving 41 souls to the square mile.

29. The land revenue of the district was as follows for the year 1869-70:

Talookas.	Khurreef.		Rubbee.		TOTAL.	
	Acres.	*Rs.*	*Acres.*	*Rs.*	*Acres.*	*Rs.*
Rohree - - -	22,534	38,801	11,808	28,481	34,342	67,282
Syndpore - - -	9,042	23,155	10,282	23,567	19,324	46,722
Ghotkee - - -	17,288	34,663	29,083	93,404	46,371	1,28,067
Meerpoor - - -	17,967	44,753	35,797	53,047	53,764	97,800
Oobaoroo - - -	6,668	13,677	35,221	64,464	41,889	78,141
TOTAL - - -	73,499	1,55,049	122,191	2,62,963	195,690	4,18,012

Appendix, No 12

30. The acreage shown above is an approximation, as, the land being under settlement, the precise acreage under cultivation has not hitherto been recorded, but only that which is taken up by the zemindars and cultivators.

31. The yield on the above acreage cannot be stated with positive accuracy; but from careful inquiry, I gather that the principal products of the district, the season of 1869–70 being a fairly good one, may be taken to have yielded the following weights:—

———	Maunds of 84 lbs.	Value.
KHURREEF.		
Jowaree and Bajree, &c. - - - - -	239,262	4,18,708
Rice in husk - - - - - - -	48,250	84,437
Indigo - - - - - - - -	3,920	3,13,600
Cotton, cleaned - - - - - -	940	17,000
Oil Seeds, &c. - - - - - - -	75,066	2,25,198
Total Khurreef - - -	367,438	10,58,943
RUBBEE.		
Wheat, Barley, &c. - - - - - -	506,630	12,66,575
Grain, &c. - - - - - - -	53,640	93,870
Oil Seeds, &c. - - - - - - -	50,686	88,700
Total Rubbee - - -	610,956	14,49,145
TOTAL Khurreef and Rubbee - - -	978,394	25,08,088

32. Of this it may be estimated that 458,355 maunds are consumed in the district, leaving the rest for exportation, thus:—

———	Maunds,	Value.
For home consumption - - - - -	458,355	11,75,064
Exported - - - - - - - -	520,039	13,33,024
Total - - -	978,394	25,08,088

33. Assuming this as being something near the mark, we may set down the following as—

———	Maunds.	Value.
Exported to Mooltan or upwards - - -	20,000	50,000
„ Jeysulmere and eastwards - -	162,610	4,19,232
„ Sukkur or downwards - -	337,429	8,63,792
Total - - -	520,039	13,33,024

EXTRACTS of DESPATCH from the Government of India, No 126, dated 31st October 1871.

1. IN reporting to your Grace, in Despatch No. 19 of 1871, the steps taken for the construction of the section already sanctioned of the Indus Valley Railway between Mootan and Rohree, we also forwarded copy of a resolution issued by us on the 9th February 1871, appointing a committee to investigate locally, and report on the route that might be selected as the most advantageous on commercial, financial, and political grounds, for pro-

Appendix, No. 12.

viding railway communication between Rohree on the left bank and Kotree on the right bank of the Indus.

* * * * * * *

10. * * The preference for either line must be based on their respective values from a political and military as well as from a commercial point of view, for it appears an essential part of the scheme that the Indus should be bridged. The committee are of opinion, that traffic will never be carried across the river to a railway on the opposite side, except, perhaps, at Sukkur (Rohree) where the banks are permanent, and that ferries at Kotree or Sehwan in place of bridges would be of no use should the left bank be adopted for the whole or a part of the extension.

* * * * * * *

16. Returning now to the Indus Valley line, and regarding the commercial aspects of the case, your Grace will observe that the committee have obtained the following data from investigation on the spot:—

The foreign traffic of the Punjab to be carried by rail through Sindh is calculated at 23,440 tons a year. This would pass over either line.

The foreign traffic of the right bank of the Indus is calculated at 40,000 tons, half of which would pass over a right bank line with a yearly ton mileage of 3,400,000 miles.

The foreign traffic of the left bank is calculated at 20,000 tons, half of which would pass over a left bank line, with a yearly ton mileage of 1,090,000 miles.

Computations are also made of the probable passenger traffic, which must, however, be hypothetical.

17. On these data, and assuming that 60 per cent. of the earnings are expended in working the traffic, the committee estimate that the right bank line would pay 2·41 per cent., the left bank line, 1·78 per cent., and the two lines, if both constructed, 1·7 per cent. In other words, if the Government could borrow money at 4½ per cent., the general revenues would be annually burdened with 24,000 *l.* if the right bank line were made, 33,500 *l.* if the left, and 66,500 *l.* if both lines were made.

18. As to the comparative wealth of the districts that would be respectively traversed by the right and left bank lines, the committee state that the right bank line between Kotree and Sukkur yields 19,00,000 rupees of land revenue, while the left bank, between Hydrabad and Rohree yields only 10,16,000 rupees. Taking the figures entered on the map attached to the committee's report, it appears that, omitting the terminal talooks on both sides, the population of the talooks between Sukkur and Hydrabad is almost precisely equal* on the two banks, but that the revenue of the right bank talooks is 13,96,422 rupees against 7,33,366 rupees derived from the left.

No.
*Right Bank 415,669
ft Bank - 414,862

19. It appears, also, that the right bank districts export more than twice as much as the left bank districts. Thus, with the same population, the right bank districts, owing to irrigation, are twice as wealthy, and afford to a railway the prospect of twice as much traffic as the left bank districts. A large irrigation canal has, however, been proposed below Rohree on the left bank, and it is not improbable, if the project be carried out, that ere many years elapse, the left bank districts, already as populous, will be as rich and fertile as those on the right bank.

20. As to the probable returns, the estimates of traffic made by the committee are very moderate, and differ very widely from those of the committee appointed by the Bombay Government in 1868, copy of whose report is enclosed. The Sindh Railway traffic is about 80,000 freight ton miles per mile open yearly; whereas, the committee's estimated traffic is only about 48,637 freight ton miles per mile open. The Sindh line obtains the left bank traffic above Hydrabad, as well as that of the right bank; and the boat traffic transhipped at Kotree is largely in excess of what the right bank project is credited with, namely, one-twentieth of that brought down in boats. But while the traffic is probably under-estimated by the committee, the profits are, as suggested by the consulting engineer to the Government of Bombay, decidedly over-estimated, owing to the working expenses being taken too low. Instead of net profits of 3,48,426 rupees on the right bank line, arrived at by the committee, the following, judging from the actual facts of working on the Sindh line, would be more probable,—

	Rs.
Gross traffic* - - - - - - - - -	7,25,000
Working expenses - - - - - - - -	5,85,000
Profits - - - *Rs.*	1,40,000

* Committee's estimate increased for through passengers.

or about 1·3 per cent. on the capital outlay. But, as already remarked, the estimate of gross traffic is very moderate; and if, as is not improbable, it should be increased to 10,00,000 rupees, we might look for a profit of 3,50,000 rupees, which would afford a return of 3¾ per cent. on the capital outlay on the line, stocked for two trains only each way daily.

21. The

21. The right bank will afford a better return than the left bank, with charges based on mileage rates; but the extra 34 miles to be worked over on the right bank is a disadvantage, and, in comparing the merits of the two lines, the same through charges for non-local traffic ought to be assumed over both. From the point of view, then, of the profits realised, there may not be much to choose between either bank; but if, as seems certain, the right bank will carry at least 10,000 more tons of local produce than the left, and still realise as much profit as the latter, the preference should be given to it.

22. It is apparent that we cannot calculate upon the Indus Valley Extension line as a direct remunerative work, however much we may succeed in keeping down its first cost. It is, however, more than probable that the sections of the railway already made will yield better returns than they now do when the two ends are joined, and though it cannot be expected that the full interest will be covered for a long time to come, there will be a moderate return, and a large advantage in the provision of a better outlet for the province of the Punjab.

23. On a perusal of the papers forwarded with this Despatch, your Grace will, we trust concur with us in thinking that the preponderance of authority is in favour of crossing the Indus by a bridge at Sukkur, and proceeding to Kotree by the right bank.

* * * * * * *

25. In a commercial point of view, the right bank has many advantages. The country through which the railway passes is better than on the other side. *It is probable that in* future years a canal may be made which will be sufficient for all the commercial requirements of the left bank, and though the number of miles travelled will be somewhat greater, the cost will be somewhat less, and the great uncertainty of bridging the Indus at Kotree will be avoided.

* * * * * * *

27. With regard to finance, this undertaking is not very promising, and if anything shows the soundness of the decision that was arrived at in reducing the gauge for future long lines of communication in India, it would be the forecast made in these papers; in fact, if our only mode of constructing a line was to be on the scale of the East Indian, or even the Delhi and Punjab Railways, from Mooltan to Kotree, the thing under our present circumstances would have been a financial impossibility.

28. The returns of expected traffic are not very reliable, but they are sufficient to show that for the present, at all events, a narrow gauge line made on the most economical principles cannot be remunerative.

29. If, however, we look upon it in a political light, and if we have only to pay 30,000 *l.* or 40,000 *l.* a year for building the "missing link," we consider that the money would be exceedingly well spent.

EXTRACT of REPORT of Committee on Indus Valley Railway.

13. THE population of Sind is extremely sparse. Unhappily we have no means of judging whether it has increased to any material extent since the province came under British rule. The only census ever taken was in the season 1856–57, but the agency employed was totally inadequate to the purpose, and no sufficient check was kept on the returns, which, in consequence, are regarded as very untrustworthy. The population is now estimated at 1,730,323, or about 35 to the square mile. It is distributed through the various districts, as follows:— Population

Kurrachee - - - - - - - - -	340,000
Hydrabad - - - - - - - - -	566,865
Shikarpoor - - - - - - - - -	513,458
Frontier, Upper Sind - - - - - - -	85,000
Thurr and Parkur - - - - - - - -	225,000
TOTAL - - -	1,730,323

The above estimate omits the territory of his Highness Meer Ali Moorad of Khyrpoor, as to which no information on this subject is forthcoming. Seventeen years ago an experienced officer in Upper Sind estimated the population of Khyrpoor at less than 50,000, and he stated that it was then decreasing. The numbers were perhaps understood, but it is known that some emigration has taken place from the territory of the Meer, that he is opposed to much extension of cultivation, and that his revenue has fallen off. It may, therefore, be assumed that the present population does not exceed 50,000.

14. The province being almost entirely dependent for the produce of its soil upon irrigation, the progress which this has made under our rule is obviously a most important point for consideration in reviewing the general condition of the country. The question, however, is too large a one for any but the most cursory notice in the present report. It may suffice to say that irrigation is as yet in a very backward condition, and that much remains to be done, Importance of irrigation, and its backward condition.

Appendix, No. 12.

done, both as regards increasing the supply of water, and in regulating that which is now provided.

Satisfactory evidence of the steady progress of the province afforded by the state of the revenue.

15. Highly satisfactory evidence of the steady progress of the province, notwithstanding the adverse conditions of climate, population, and irrigation with which it has to contend, is afforded by the state of the revenue. The increase in all branches of revenue is very remarkable. The gross land revenue has risen from 28,30,282 rupees in 1853–54 to 46,37,292 rupees in 1869–70, an increase of 18,07,010 rupees; or comparing the average of the three first, 31,44,015 rupees, to that of the three last, 43,84,747 rupees, the increase has been 39 per cent. It has averaged during the last 10 years * 41,87,457 rupees, during the last five years 42,11,725 rupees, during the last four years 43,41,328 rupees. Again, comparing the average revenue of the last nine years with the average revenue of the eight† preceding years, we find the former exceed the latter, as follows:—

	Rs.
Average revenue of nine years ending 1869–70 - -	43,70,575
Ditto - - of eight years ending 1860–61 - -	33,78,825
Difference - - - *Rs.*	9,91,750

an increase of nearly 30 per cent.

Probable increase in land revenue during the next 10 years.

16. Judging from the rate of progress exhibited by these figures, we may expect the land revenue to rise in the next 10 years to nearly 55,00,000 rupees, and should a more liberal expenditure on irrigational works be adopted, even this estimate will probably fall short of actual results.

The sayer revenue, and its rapid growth

17. In the same period of 17 years the sayer revenue, including customs, has risen from 3,99,784 rupees in 1853–54, to 20,32,907 rupees in 1869–70; that is to say, it has been more than quadrupled. The principal items of the sayer revenue, omitting "Customs," which require separate notice, are excise, stamps, assessed taxes, and forest receipts. The immense increase above recorded is, therefore, a most convincing proof of the great advance in prosperity made by the Province during the period under review.

The customs revenue, and its extraordinarily rapid growth.

Principal articles of import and export.

18. The customs revenue has increased from 48,361 rupees in 1853–54, to 4,03,885 rupees in 1869–70, an increase of 3,55,524 rupees, the revenue of the latter year being considerably more than seven times that of 1853–54. The chief articles of import are piece goods, metals, and sugar, and of export, cotton, wool, oilseeds, grain and pulse, and dyes. Of these the bulk of the cotton is supplied by the Punjab, the wool almost entirely by the countries beyond our north-west frontier. The oilseeds and grain are jointly contributed by the Punjab and Sind, the share of the latter being very considerable.

Railway communication.

19. We may now return to the railway communication.

Want of complete records of the traffic on the Indus.

20. Great difficulty has been met with in determining the commercial advantages of the different railway lines from the absence of complete records of the traffic on the Indus.

Statement of river Native boat traffic at Sukkur.

21. A statement (Appendix C.) showing the river trade at Sukkur from 1856 to 1862 and 1865 to 1868, is attached. This statement was prepared by Mr. Howe when in charge of the Boat Department at Sukkur, and is useful as far as it goes; and it is greatly to be regretted that the same information was not recorded for the whole of the years from 1856 up to the present time. The information, however, is defective in two important particulars: it does not show the nature of the merchandise, and what portion of it was really through traffic, but landed and embarked again for Lower Sind, or for export from the ports of the Province. No doubt some was actually used at Sukkur, or dispatched inland, and, in addition to what was re-shipped, produce from the districts in the vicinity of Sukkur was dispatched up and down river. It is impossible, therefore, to see how much of the merchandise which appears under the head of "Boats leaving the Bunder with merchandise," was through traffic and how much local, and this, of course, affects the question of a line of railway through Sind. The greater the through traffic and the smaller the local, the greater the advantage of the shortest line to the district supplying the through traffic.

Statement of river Native boat traffic at Mithunkote in 1863–64

22. Major Bonus, Deputy Consulting Engineer, in a Report, No. 4137, dated the 15th December 1864, gives the following figures of the river traffic by Native boats passing Mithunkote in 1863–64:—

Up - - - - - - - - -	185,885
Down - - - - - - - - -	1,179,177

23. It

---

* Cultivation of Government land has increased in this period as follows:—

Cultivated land in 1869–70 - - - - - - - -	2,171,770
Ditto - - in 1860–61 - - - - - - - -	1,349,449
Excess in 1869–70 - - -	822,321

or nearly 60 per cent.

† That is for a period commencing with 1853–54. No longer period is taken, as the revenue in that year was largely increased by the resumption of territory from Meer Ali Moorad, and the previous smaller amounts would be of no use for purposes of comparison.

Traffic at Sukkur not recorded in 1863-64.

23. It is unfortunate that the traffic at Sukkur was not recorded during the same year, and comparison with the Sukkur returns for any other year can be but of little use, as, during 1863-64 and the three subsequent years, the fluctuations in the traffic were extraordinary, partly from the down cotton trade, and partly from the failure of crops in the Punjab, which stimulated the up trade in grain.

Comparison of the Punjab trade with the whole import and export trade of Sind.

24. As the only means of calculating the through trade with the Punjab and the trade due to Sind, the through trade given by Major Bonus for 1863-64 has been compared with the total exports and imports of the Sind ports during the same year. The following are the figures:—

The traffic which passed Mithunkote (vide *Major Bonus' Report*).

Up - - - - - - - - - -	493,989
Down - - - - - - - - - -	1,483,393
	1,977,382 Maunds
	73,000 Tons.

These figures include the merchandise carried by the steamers of the Indus Steam Flotilla, the Oriental Island Steam Navigation Company, and the Punjab Flotilla.

25. The total weight of the exports and imports during the same period, including small articles which are only given in numbers in the Customs Returns, but for which a small allowance has been made, was—

	Tons
Imports - - - - - - - - - -	35,000
Exports - - - - - - - - - -	134,000
	169,000
Deducting the through traffic from the Punjab - -	73,000
That due to Sind is - -	96,000

River and railway traffic between Kotree and the sea-ports during the past three years.

26. During the past three years the average up and down traffic are reported by Captain Dowden, Deputy Consulting Engineer, to be as follows:—

	Tons	*Tons.*
Up.—By Sind Railway - - - - -	36,565	
By Native boats from Ketty - - -	4,909	
Total Up - -		41,474
Down.—By Sind Railway - - - - -	46,602	
By Native boats to Ketty - - -	29,683	
Total Down - - -		76,285
TOTAL - - -		117,759

The details are given in Appendix D.

Falling off in amount of traffic during the past three years explained.

27. The trade, as given by Captain Dowden, is less than that of 1863-64, but there is no reason to doubt the general correctness of the figures in either case, as, since that year, which was a brisk one in trade, there has been considerable depression. This is very clearly shown by the comparative statement of imports and exports, (Appendix B).

The export of grain, pulse, and oilseed, which form the bulk of the Indus traffic, has, moreover, diminished in consequence of the failure of rain in the Punjab and the famine in Marwar. To the latter large quantities of grain have been conveyed from the Indus Valley.

Distribution of the Sind trade.

28. With respect to the distribution of the Sind trade of 96,000 tons, there are no complete returns, but a fair approximation may be obtained by assigning a share to each portion of the province proportional to its revenue. The gross land revenue, including the territory of his Highness Meer Ali Moorad, is 48,37,295 rupees. Of this 19,02,534 rupees is derived from the right bank, between Kotree and Sukkur, and 10,15,977 rupees from the left bank, between Hydrabad and Rohree. The details will be seen from the map* attached, on which the revenue and population in each talooka are shown. Dividing the whole tonnage into shares, proportional to the revenue, the following result is obtained:—

	Revenue.	Tonnage
The whole province - - - - - -	*Rs.* 48,37,295	96,000
Right bank, between Kotree and Sukkur -	„ 19,68,524	40,000
Left bank, between Hydrabad and Rohree -	„ 10,15,977	20,000

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* "Not reproduced."

Local traffic.

29. In addition to this there is a local traffic. The Committee has no means of ascertaining accurately what the amount of this may be, but, as each district produces more than it requires for its own consumption, and the whole country exports grain to a large extent, it is believed that the local traffic is small. It is of course in proportion to the population, and has been determined on the principles which will be found explained in paragraph 42 of this report.

Competition for the traffic between a railway and the river which affords fair means of transport for bulky goods; facts which show this, rate of freight, &c.

30. Before the traffic which would fall to a railway on either bank can be determined, however, it is necessary to consider how far the river navigation can compete for it. The Indus has often been condemned as a means of transit. For quick passenger traffic it is undoubtedly useless, but that it affords very fair means of transport for bulky goods is attested by the following facts:—

1st. The Native boats convey merchandise at an average rate, up and down stream, of three farthings, or six pies per ton per mile. The distance by river commonly exceeds that by land by one-fourth; hence the rate on the distance by land is 7½ pies.

2nd. They are increasing in number every year. From a statement obtained from Mr. How, the conservator of the Indus, the burthen of boats registered at Kotree during the year 1870 was 63,357 tons (*vide* Appendix E).

3rd. From the number of trips which the boats can make up and down during a year, between the Punjab and the coast, and between intermediate places, and the fact of their often lying for a long time without freight along the whole course of the river, it is known that they have not full employment, and, therefore, that the rate of six pies per ton per mile, when they have work, must be a remunerative one. Crews are not constantly maintained for every boat; at the end of a voyage they are discharged and go to boats which have freight.

4th. The steamers of the Indus flotilla convey merchandise at the following rates:—

Up.

	Per Ton per Mile.
Grain - - - - - - -	1·45 pence = 11·6 pies
Cotton, pressed - - - - -	2·17 ditto = 1 anna 5·4 pies.
Ditto, unpressed - - - -	3·00 ditto = 2 annas 0 6 pies.

Down.

	Per Ton per Mile.
Grain - - - - - - -	1·09 pence = 8·7 pies.
Cotton, pressed - - - - - -	1·09 ditto = 8·7 pies.
Ditto, unpressed - - - -	1·81 ditto = 1 anna 2·5 pies.

The above rates per ton per mile are calculated on the distance by land (450 miles), in order that they may be compared to the railway rates from place to place.

5th The up rates may be considered heavy, but the *down* rates are not so, and it is to be observed that the greater part of the trade is down.

6th. Under the excellent management which has been introduced of late years, the Indus Steam flotilla is working with profit. The rates of freight are, therefore, remunerative.

Share of the traffic which will fall to a railway.

31. These facts show that the Indus navigation will compete with a railway for the traffic. For such cargo as cotton and other valuable produce down, and for piece goods, &c., up, the railway will, as a rule, carry the whole of that which pertains to the district it may traverse, as well as that which belongs to the Punjab; but, with respect to grain, oilseed, and similar produce, the railway will possibly get only one-half of that produced in the district it traverses, and but a small fraction (possibly not more than one-twentieth) of that which arrives at Sukkur in Native boats from Punjab. Some of this merchandise will be cotton, but we question whether a cargo of cotton once shipped will be discharged above Kotree. The charge by Native boats is already lower than the railway rate for pressed cotton, and competition will lead to still lower rates by boats.

32. The merchandise now brought from the Punjab by the steam flotilla would no doubt come to the railway. This, during 1863-64, was shown by Major Bonus to be 20,900 tons, and adding one-twentieth, or 2,540 tons, of that conveyed by native boats, the whole through Punjab traffic which would come to the railway is 23,440 tons.

Improbable that produce will be carried across the river to the railway.

33. It is improbable that the produce of one side of the river will ever be carried across to the other, to be conveyed by the railway, except at Sukkur, where the permanancy of the banks and the facility for ferrying render the crossing of goods easy and certain. At all other points, including Sehwan, where the bank is permanent only on one side of the river, it is probable that, if merchandise is once brought to the river and placed in a boat, it will be carried down to Kotree by water.

Passengers will cross the river to avail themselves of the railway.

34. Passengers, however, may be expected to cross the river at all points, to avail themselves of the railway when they have any considerable distance to travel.

Objections to the Indus as a means of transit.

35. The objections to the Indus as a means of transit are, that the navigation is slow and uncertain. These disadvantages, however, do not affect the transport of grain and similar bulky articles, except under extraordinary circumstances. By the flotilla steamers the transit of merchandise is sufficiently quick, but it will be observed by comparison of the rates

rates of freight how low that for grain by the steamers must be to compete with the native boats. It has only been by good management that the steamers have succeeded in carrying grain at all. It is commonly taken to fill up a vessel just before starting when more valuable cargo is not obtainable; and it is taken at extremely low rates,—lower than those shown. The agent gives those under his orders a discretionary power to fill up vessels with grain at such rates as may be obtainable.

* * * * * * *

The cost and probable return for each line.

41. The respective estimates for the left and right-bank lines amount to 1,232,857 *l.* for the former, and 1,152,274 *l.* for the latter (*vide* Appendices F and G).

Probable passenger and boat traffic.

42. In estimating the probable returns which each of these two lines would obtain, we have thought it advisable to consider separately the purely local traffic of Sind, the foreign traffic of Sind itself, and the foreign traffic of the Punjab which passes through Sind. With given fares the local passenger and goods traffic may be expected to pay in proportion to population and to the average rate of wages, it being assumed that, taking one part of India with another, the inducements to travel are about the same, while the means of travelling among the people, as well as the money cost of producing and transporting the articles consumed by them, vary nearly as the rate of the wages of the labouring classes. We find that the rate of wages in Sind is high as compared with other parts of India. We learn that it very rarely falls below 4 annas a day, and that, in the vicinity of towns, it is as high as 5 or 6 annas a day. We are, therefore, inclined to think that the average daily passenger mileage in Sind per thousand inhabitants will exceed the average daily passenger mileage per thousand inhabitants in other parts of India. From the few facts entered in Appendix H. it will be seen that in 1847 this average amounted to 106 in the United Kingdom, and 52·4 in Belgium. At a period when only 96 miles of the Madras Railway were open to traffic, this average was only 18·7 with a 4 pies per mile fare, but it amounted to 63·08 with a 2 pies per mile rate. We believe that, with a 3 pies per mile rate the average daily passenger mileage may, at a moderate estimate, be put down at 50 per thousand inhabitants. The receipts from purely local goods traffic we have set down at half that from passenger traffic. Statistics which would decidedly settle this item do not, we believe, exist; but we are under the impression that our estimate is not far out. The result arrived at may, however, for convenience of reference, be stated in the following form:—

Annual average distance travelled by an individual along the railway, 18·25 miles.
Average annual sum paid by an individual for a railway ticket - 4·56 annas.
Average sum paid for goods traffic per individual per annum - - 2·28 „

which is about the charge for conveying one-third of a ton, or one man's annual consumption of food, eight miles.

Foreign traffic of Sind.

43. The distribution of the foreign traffic of Sind has been made in paragraph 28 of this report. It is there computed that 48,000 tons leave the right-bank district, being carried an average distance of 170 miles to Kotree from Larkhana, which is computed to be the trade centre of the right bank, and that one-half of this will be sent by rail, giving the right bank an annual ton mileage of 3,400,000, which is, in round numbers, equivalent to a through traffic of 15,300 tons along 222½ miles. A similar calculation makes the foreign traffic of the left bank to be 20,000 tons, carried an average distance of 109 miles from a centre of trade situated near the town of Mora, and yielding to the railway an annual ton mileage of 1,090,000.

44. The foreign traffic of the Punjab passing through Sind is computed at 23,440 tons as per margin. This will necessarily pass over whichever line of railway may be first constructed.

Foreign traffic of the Punjab:—	*Tons.*
1 Carried by the Indus flotilla - - - - - -	20,900
2. One-twentieth of that brought down in native boats - -	2,540
TOTAL - - -	23,440

Probable return on the outlay of capital.

45. From computations made on the above data for passenger and goods traffic and recorded in Appendix I., it will be seen that, if the working charges of the line amount to only 50 per cent. of the gross receipts, the right-bank line will yield 3·02 per cent., and the left-bank line 2·22 per cent.; but that, if the working charges amount to 60 per cent., these per-centages will be reduced to 2·41 and 1·78. If the whole charge for the through goods from the Punjab be made as great on the shorter left-bank line (or at the rate of 10 pies per ton per mile hitherto assumed to be common to the two lines) as it would be on the longer right-bank line, the per-centage of profit on the left bank will be raised from 1·78 to 2·118.

The section to be first undertaken.

46. It has been seen that the profits likely to be yielded by either the left-bank line alone or the right-bank line alone are small, even if only one line is in existence. Were they both constructed and working at the same time, either the whole of the through traffic from the Punjab would pass along the shortest line, or would be distributed between the two lines. In either case the whole net receipts would fall short of the following sum:—

	Rs.
1.—Net receipts for the right-bank line, as per Appendix - -	3,48,426
2.—Purely local traffic of the left-bank line, as per ditto - -	1,28,237
3.—Foreign trade of the left-bank districts:—	
Net receipts, at 5 pies per ton per mile, on 5,800 tons carried through the line - - - - - - - - - -	28,500
TOTAL - - - *Rs.*	5,05,163

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or 50,401 *l.* net receipts from a capital expenditure of 2,385,132 *l.* This return is at the rate of 2·12 per cent., and is based on the assumption that the working charges amount to only 50 per cent. of the gross receipts. If these amount to 60 per cent. of the gross receipts, the net return will only reach 1·7 per cent. of the capital expended.

Proposed irrigation and navigation canal from Rohree.

47. In the event of the proposed irrigation and navigation canal from Rohree to Hydrabad being constructed in addition to a line of railway, the latter might be laid down either on the right or the left bank of the Indus. If it were laid down on the left bank, it would be a competing line with the canal. Moreover, by this arrangement, the whole of the purely local traffic of the right-bank districts, as well as that caused by their foreign trade, would be lost. This loss may be estimated as follows, the figures being taken from Appendix I.:—

	Rs.
Right Bank of the Indus.	
Net local traffic receipts - - - - - - - - -	1,23,956
Through Traffic.	
Net receipts from 15,300 tons, through 222⅓ miles, at 5 pies per ton per mile - - - - - - - - -	88,400
TOTAL - - - *Rs.*	2,12,356

But, if the working charges amounted to 60 per cent. of the gross receipts, this amount would be reduced to four-fifths of 2,12,356 rupees, or 1,69,885 rupees.

Saving that ought to be effected by making railway and canal on the same side of the river.

48. This loss would be compensated if a saving of the capital of which this sum represents the interest would be made by constructing a line along the canal bank to the east of the Indus, instead of constructing the right-bank line. This capital amounts to 33,97,700 rupees, or 339,770 *l.*

49. The estimates for the right and the left-bank lines, made without any reference to the canal, are as follows:

	£.
Left-bank line - - - - - - - - - -	1,232,857
Right-bank line - - - - - - - - - -	1,152,275
Amount to be saved - - - - - - - - -	80,582
In addition to the above - - - - - - - - -	339,770
TOTAL - - - £.	420,352

This represents the total sum which should be saved by carrying the railway along the canal bank, if it were really sound economy to make this arrangement. That this is not the case will be seen from the following liberal estimate of the saving which might be effected by carrying the railway along the canal bank:—

	Rs.
1. Earthwork, the whole amount of the estimate - - -	1,27,500
2. Fencing, with carriage of rails, an average of distance of 50 miles, at 3½ annas per ton per mile, for 14,245 tons - -	1,55,800
3. Bridges, one-half - - - - - - - - -	2,03,500
4. Carriage of sleepers for 20 miles - - - - - - -	23,500
TOTAL - - - *Rs.*	5,10,300
OR £.	51,030

Inadvisability of constructing both the canal and railway on the left bank. The canal the more suitable work for that side of the river.

50. This is, in fact, but one example of a truth which may easily be demonstrated in a more general manner, viz., that the bringing together of two means of communication of unequal power greatly diminishes the utility of the weaker one, and renders the construction of both together undesirable. Applying this remark to the present subject, it may be said that it would be a waste of money to make a canal and a railway side by side from Rohree to Hydrabad. Moreover, the agricultural state of the province is such that a canal appears to be the more suitable work of the two on this line.

Effect of improvement in the condition of the country on the left bank in increasing railway net receipts very small.

Thinness of population must cause the dividend to be small for a long time to come.

Necessity for improved irrigation.

51. As the population on the left bank of the Indus is at present a poorer one than that on the right bank, its foreign trade has been estimated at only 20,000 tons per annum, whereas the foreign trade, from the nearly equal population of the districts on the right bank, has been set down at 40,000 tons per annum. In each case a railway would, it is supposed, convey one-half of the foreign trade. As it may be interesting to know what effect would be produced on the profits of the railway, if the present population on the left bank became, in consequence of improved irrigation, as rich as those on the right bank now are, we have made the computation required to answer this question. We find that it would raise the per-centage of profit for the left-bank line from 1·78 to 1·95, when the working charges are 60 per cent. of the gross receipts. This increase is small, and shows clearly that a considerable increase must take place in the population of Sind before a railway

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railway through it earns a fair dividend on the capital expended. A railway will, however, greatly facilitate any immigration which may be caused by an improvement in the irrigation of the country, or rather by the substitution of a really good system of irrigation canals for the present inundation channels, which only deliver the water on the surface of a very limited area of country, though they also facilitate irrigation by carrying the water below the surface of the land across large tracts.

* * * * * *

Branch lines.

Importance of a branch through Shikarpoor and Jacobabad towards the foot of the Bolan Pass.

54. No surveys have yet been made with the view to ascertaining the probable cost of constructing branch feeding lines of railway in Sind, but some allowance must be made to one important branch, which may ere long be necessary, that is, a branch from the right-bank main line, where it approaches the important town of Shikarpoor, through that town to Jacobabad, and on towards the Bolan Pass. The value of this branch in a military point of view is well known; commercially, also, it must be considered to be nearly, if not quite, as important as the main line itself.

(signed) *J. G. Fife*, Colonel, R.E., President.
P. O'Connell, Lieut.-Col., R.E. } Members.
M. Haig, Major. }

Kurrachee, 9 April 1871.

APPENDIX.

STATEMENT showing the Gross Land and Sayer Revenue of Sind, from 1853-54 to 1869-70.

	1853–54.	1854–55.	1855–56	1856–57.	1857–58.	1858–59.	1859–60.	1860–61	1861–62.	
	Rs	*Rs*	*Rs*	*Rs.*	*Rs.*	*Rs*	*Rs*	*Rs.*	*Rs.*	
	Average, 31,44,015									39 per cent.
Gross Land Revenue -	28,30,282	35,13,351	30,88,412	34,30,917	37,35,173	34,41,411	34,51,971	35,39,398	40,68,851	
Sayer, ditto - - -	- -	- -	- -	- -	- -	- -	9,62,186	- -	15,92,749	
TOTAL - - - *Rs.*	- -	- -	- -	- -	- -	- -	44,14,157	- -	56,61,600	

	1862–63.	1863–64.	1864–65	1865–66.	1866–67.	1867–68.	1868–69.	1869–70.	
	Rs.	*Rs.*	*Rs*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	
						Average, 43,84,747			39 per cent.
Gross Land Revenue - - -	44,01,744	44,89,786	43,16,172	36,93,814	42,11,071	41,05,319	44,11,630	46,37,292	
Sayer, ditto - - - - -	16,51,117	18,86,790	19,24,652	16,43,145	18,33,802	19,16,668	19,77,528	20,32,907	
TOTAL - - - *Rs.*	60,52,861	63,76,576	62,40,824	53,36,459	60,44,873	60,21,987	63,89,158	66,70,199	

Note.—In some of the above columns the Sayer Revenue has not been entered, as the figures were not ready when the Committee closed its proceedings.

COMPARATIVE STATEMENT of the Value of the Principal Articles

ARTICLES.	1847-48	1848-49.	1849-50	1850-51.	1851-52.	1852-53.	1853-54.	1854-55.	1855-56.	1856-57.	1857-58.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Agricultural Implements	–	–	–	–	–	–	–	–	–	–	—
Animals, living	–	–	–	–	–	–	–	–	–	–	–
Apparel	33,245	68,531	34,853	61,184	97,597	1,35,333	86,039	1,35,614	1,52,204	1,01,763	1,53,857
Arms and Ammunition	47,719	17,457	17,830	10,757	23,016	20,036	46,504	48,499	57,688	26,735	49,856
Art, works of	–	–	–	–	–	–	–	–	–	–	–
Books	4,201	9,566	9,034	12,838	13,986	19,827	26,775	41,161	80,134	35,720	32,317
Bottles	–	–	–	–	–	–	–	–	–	–	–
Brimstone	–	–	–	–	–	–	–	–	–	–	–
Cabinetware	–	–	–	–	–	–	–	–	–	–	–
Candles of all kinds	–	–	–	–	–	–	–	–	–	–	–
Canes	–	–	–	–	–	–	–	–	–	–	–
Canvas	–	–	–	–	–	–	–	–	–	–	–
Carriages and Conveyances, other than Railway	–	–	–	–	–	–	–	–	–	–	–
Clocks and Watches	–	–	–	–	–	–	–	–	–	–	–
Cocoanuts	46,425	84,688	89,135	82,249	1,03,275	94,311	94,125	49,785	80,220	1,13,458	63,801
Coffee	6,409	6,514	2,139	5,001	5,066	10,606	27,507	26,637	13,398	30,430	70,535
Coir, and manufactures of	–	–	–	–	–	–	–	–	–	–	–
Confectionery	–	–	–	–	–	–	–	–	–	–	–
Corks	–	–	–	–	–	–	–	–	–	–	–
Cotton Wool	1,13,453	49,247	72,300	52,217	94,883	46,567	44,294	38,524	28,870	17,414	45,643
Cotton Piece Goods	8,45,616	9,68,238	15,71,662	14,68,155	17,72,616	20,42,325	20,41,692	22,20,802	27,47,266	26,79,733	45,92,092
Cotton Twist, and Thread	40,722	1,23,309	1,41,251	1,24,883	1,89,481	1,40,087	1,79,642	2,32,536	2,03,227	1,91,481	1,97,609
Drugs and Medicines	14,468	13,836	29,291	39,517	49,624	55,411	92,278	79,128	62,624	54,880	52,225
Dyes	14,236	31,730	25,256	59,064	48,490	44,567	43,096	55,494	67,334	70,663	72,328
Earthen and Porcelain ware	4,947	5,542	11,170	17,027	21,285	14,787	23,575	30,964	24,543	21,031	20,678
Fireworks	–	–	–	–	–	–	–	–	–	–	–
Fruit and Vegetables	1,49,466	1,53,071	1,58,085	1,31,966	1,09,012	1,29,445	1,15,968	1,21,544	1,21,934	2,01,630	1,37,567
Fuel—Coal and Coke	–	–	–	–	–	3,175	10,120	9,242	3,000	4,800	–
Glass, and manufactures of	11,914	14,462	12,483	20,697	29,138	29,809	28,253	41,217	31,888	21,012	29,661
Grain and Pulse	3,04,367	4,34,180	1,94,914	95,830	2,02,591	2,06,666	1,24,566	1,52,655	2,32,927	4,32,969	1,86,269
Gum	–	–	–	–	–	–	–	–	–	–	–
Hemp, and manufactures of	–	–	–	–	–	–	–	–	–	–	–
Instruments and Apparatus, scientific and philosophical	–	–	–	–	–	–	–	–	–	–	–
Ivory	11,233	2,561	12,811	11,745	17,864	24,049	22,551	34,002	27,096	2,931	38,756
Jewellery	3,290	5,672	3,706	21,420	23,768	7,552	4,250	11,453	13,317	8,783	5,252
Jute, manufactures of	268	1,979	1,287	1,209	2,643	11,734	1,393	9,923	728	24,354	39,321
Leather, manufactures of	2,042	10,697	11,010	16,439	16,941	15,830	17,420	44,795	29,633	21,812	15,174
Liquors—											
Ale, Beer, and Porter	77,225	97,455	1,05,954	1,39,956	1,55,219	1,70,718	1,84,074	1,82,120	1,20,431	76,095	1,23,060
Wines and Liqueurs	41,936	1,24,612	1,17,290	1,12,090	1,18,964	1,04,713	93,186	1,16,601	97,177	1,11,470	1,66,453
Spirits	51,134	89,042	1,01,128	1,06,144	1,10,530	75,065	79,296	1,12,453	97,413	1,51,784	1,89,603
Lucifer Matches	–	682	799	1,393	1,559	–	–	1,634	1,723	–	–
Machinery	7,351	–	1,450	3,200	6,527	6,452	3,480	613	3,293	2,410	7,705
Metals, and manufactures of	57,219	93,332	2,09,715	2,50,879	2,46,582	2,50,005	3,08,343	3,09,506	3,23,406	4,13,127	5,65,676
Military Regulation Uniforms and Accoutrements	–	–	–	–	–	–	–	–	–	–	–
Musical Instruments	–	–	–	–	–	–	–	–	–	–	–
Oils	14,103	12,104	5,277	4,759	2,244	4,018	4,706	6,215	9,661	9,350	2,921
Paints and Colours	1,189	1,240	678	5,960	3,935	2,151	7,719	20,482	8,610	6,486	14,391
Paper	–	–	–	–	–	–	–	–	–	–	–
Perfumery	–	–	–	–	–	–	–	–	–	–	–
Printing and Lithographing	–	–	–	–	–	–	–	–	–	–	–
Provisions and Oilman's Stores	26,881	50,717	87,774	92,399	63,670	70,329	69,858	1,19,922	89,522	1,09,176	1,94,262
Railway Materials	–	–	–	–	–	–	–	–	–	5,63,462	6,18,295
Seeds	31,630	37,800	13,322	17,516	21,852	26,657	32,749	2,570	34,322	22,859	26,383
Shells	3,664	4,426	6,826	8,175	6,130	12,815	12,782	3,632	4,995	3,922	1,649
Ships	–	–	–	–	–	–	–	–	–	–	–
Silk, raw	67,107	1,01,835	94,531	1,50,500	1,17,063	1,34,689	1,61,853	1,62,984	1,47,794	56,577	1,62,184
Silk, manufactures of	76,448	59,524	73,915	92,142	98,342	99,503	41,157	59,479	79,381	49,427	77,353
Soap	–	–	–	–	–	–	–	–	–	–	–
Spices	83,551	95,821	1,68,549	1,39,428	2,05,659	2,25,672	1,45,800	3,25,459	1,76,393	2,75,440	1,81,901
Stationery	13,136	23,293	25,635	34,796	32,770	31,148	42,615	52,330	53,488	48,810	82,619
Sugar and other saccharine matter	4,62,676	2,89,110	2,79,785	4,77,177	3,95,495	5,23,020	2,56,230	3,27,433	2,29,600	1,72 014	1,72,547
Tea	37,739	39,723	22,796	27,108	51,200	44,438	38,890	47,653	64,716	57,384	75,308
Timber and Wood	12,421	12,413	22,256	36,554	40,980	55,563	43,787	43,959	50,736	37,543	75,308
Tobacco	31,980	51,909	51,583	34,600	51,582	51,521	64,894	90,380	60,946	54,100	1,10,874
Toys and Games	–	–	–	–	–	–	–	–	–	–	–
Treasure	2,150	–	10,691	12,870	14,097	35,046	30,165	61,193	3,00,378	2,09,488	16,63,103
Umbrellas	–	–	–	–	–	–	–	–	–	–	–
Wool	–	210	347	2,675	950	1,349	1,682	10,430	19,922	8,860	19,835
Wool, manufactures of	24,723	47,002	42,710	46,533	48,172	56,852	57,596	42,239	57,358	36,210	1,34,854
All other articles	1,00,436	2,13,627	3,52,350	2,29,264	2,72,404	3,23,077	3,77,024	2,45,705	2,88,809	3,19,064	3,41,787
TOTALS - - - *Rs.*	28,78,720	34,47,157	41,93,528	42,58,316	48,92,202	53,56,908	50,87,934	57,51,967	62,98,134	68,56,657	1,08,11,012

of Import into the Province of *Scind* for the last 23 Years.

1858-59.	1859-60.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	1869-70.
Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs*	*Rs.*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	1,480	8,210
2,78,227	3,41,737	3,25,584	1,74,146	2,05,181	4,99,438	3,46,891	2,29,561	2,49,794	2,52,488	3,43,970	2,71,626
48,060	86,554	83,581	1,12,571	57,769	33,017	20,865	28,049	33,298	32,831	37,277	42,844
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	9,062	1,663
74,803	66,305	62,669	48,712	46,360	67,890	70,458	61,497	41,248	48,367	57,890	52,058
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	10,673	9,391
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	3,214	1,620
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	23,083	9,033
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	16,521	22,336
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	12,288	13,037
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	24,664	20,825
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	20,279	21,820
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	5,827	12,785
1,00,014	88,646	1,44,338	1,01,146	2,77,660	1,47,816	2,22,758	1,28,685	1,46,391	3,46,482	3,49,174	3,45,636
34,223	4,157	16,621	52,473	74,479	49,079	50,346	28,338	50,593	33,242	25,235	37,792
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	22,195	21,678
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	8,626	14,586
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	11,125	12,592
32,814	65,680	1,12,296	16,518	30,099	1,145	2,178	1,530	500	5,792	47,499	4,812
66,11,394	66,58,143	61,02,753	65,65,762	62,73,878	61,43,403	70,59,329	85,81,502	82,68,906	90,59,996	94,28,922	85,15,329
3,59,831	3,84,764	2,72,169	2,30,164	3,29,465	2,95,145	4,87,310	4,85,119	4,72,986	6,04,924	3,59,102	4,92,597
92,465	69,558	1,01,170	52,349	95,231	96,136	1,08,149	1,33,039	1,21,451	1,33,125	1,24,472	1,37,058
1,28,224	1,34,911	2,05,638	1,63,530	1,42,995	2,17,689	1,69,739	1,84,629	2,35,167	1,61,454	1,55,085	1,52,771
47,913	56,837	49,087	50,276	49,663	57,558	54,652	26,253	44,641	48,439	33,942	33,705
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	5,636	8,522
1,92,914	1,67,873	1,57,337	2,75,254	3,75,361	2,72,923	3,74,330	4,10,411	2,82,372	5,10,288	2,97,432	5,53,846
1,499	18,760	76,262	2,08,430	1,87,971	3,02,181	1,58,647	5,33,686	3,91,113	4,27,828	3,51,288	43,959
55,532	64,154	84,540	67,492	62,678	66,091	67,849	52,194	50,488	56,578	71,937	45,192
1,16,646	1,11,810	65,821	98,964	84,657	3,40,927	8,78,424	2,08,432	89,266	1,02,827	1 77,222	10,84,340
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	2,396	4,144
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	59,547	30,575
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	2,003	4,209
65,436	1,21,395	33,308	40,381	78,618	87,287	58,287	54,857	50,844	97,511	1,13,147	49,877
37,423	15,428	10,900	32,964	33,504	36,022	46,321	18,941	25,123	19,771	37,363	19,997
72,572	86,384	1,31,246	1,69,509	4,22,574	3,58,032	5,23,040	4,31,420	4,56,012	2,15,621	2,09,133	2,38,872
43,180	32,598	33,329	14,457	27,403	30,682	34,089	36,450	45,787	57,070	43,109	59,628
2,37,143	1,31,208	2,21,730	2,27,204	2,32,500	3,28,904	1,84,891	2,54,226	2,77,730	2,05,290	2,26,714	1,83,456
3,04,068	2,74,989	2,53,236	1,68,602	2,10,413	1,99,991	1,82,386	2,71,633	2,21,833	2,56,174	4,07,558	3,37,307
2,94,063	3,06,404	2,04,195	1,93,798	3,13,104	2,47,214	2,28,221	2,97,780	2,84,346	4,03,482	5,60,412	5,42,517
- -	6,442	14,608	16,786	18,407	27,729	47,420	10,593	- -	40,338	14,236	17,863
2,47,701	3,57,849	9,39,615	16,412	2,72,567	42,158	3,21,604	99,125	3,22,894	3,48,349	3,02,811	5,48,727
8,81,604	10,83,669	12,18,763	15,46,851	17,97,998	14,46,658	21,92,943	13,62,605	14,36,048	27,46,895	25,97,634	20,24,809
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	71,167	7,591
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	8,574	14,162
11,736	15,831	13,792	13,137	15,468	10,994	23,598	10,461	62,067	52,298	32,208	27,361
18,545	31,686	31,457	24,802	35,876	39,627	27,350	25,350	53,715	57,535	70,961	86,122
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	47,871	69,301
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	6,903	9,350
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	18,611	10,953
2,08,217	2,22,962	2,11,212	2,10,416	2,10,318	2,41,023	2,30,675	1,66,899	2,10,837	2,21,173	2,44,640	2,39,654
11,69,347	21,09,789	18,16,324	22,31,252	9,06,908	18,74,595	7,21,843	12,62,828	29,91,625	14,98,674	7,26,499	1,11,219
1,08,752	4,991	48,089	30,235	31,202	7,546	74,727	33,454	16,800	74,115	45,790	37,395
7,792	62,006	35,948	21,890	20,531	83,170	4,043	24,443	15,557	12,558	7,513	13,124
- -	- -	- -	- -	- -	- -	- -	- -	5,64,761	2,89,669	—	—
4,71,038	4,46,179	3,49,379	1,30,419	5,54,889	4,20,374	4,44,460	5,84,469	9,01,549	5,27,516	6,95,130	7,33,278
1,05,116	92,484	85,048	82,561	1,02,639	1,21,659	1,59,818	1,23,668	1,24,198	69,319	75,510	40,752
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	9,373	5,573
4,38,731	2,93,176	2,88,289	4,89,409	3,44,716	3,05,882	6,15,292	2,90,672	3,57,529	4,86,933	4,28,338	5,24,651
1,01,457	1,12,988	98,475	1,03,737	1,41,810	1,21,803	1,54,032	89,761	44,280	57,580	44,477	37,574
1,65,434	2,73,860	2,88,775	3,06,013	5,80,397	6,88,940	6,09,666	5,50,327	6,43,433	8,43,632	11,50,536	10,35,610
1,62,007	1,41,368	1,05,182	70,408	2,63,875	3,98,431	4,89,172	5,92,971	4,65,042	8,08,987	5,41,362	8,20,609
2,27,068	3,86,544	3,00,770	1,88,412	3,51,706	2,30,337	4,05,041	89,271	1,14,070	1,26,995	2,69,214	2,94,130
1,42,723	1,40,920	1,60,270	60,917	48,396	1,10,205	78,012	76,929	75,597	1,00,859	82,827	66,837
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	19,913	18,239
10,19,184	11,82,259	8,83,529	4,39,156	63,76,236	77,52,092	43,39,732	15,17,271	64,03,550	25,03,080	6,71,338	4,71,136
- -	- -	- -	- -	- -	- -	77,079	1,50,802	78,847	1,30,845	1,80,397	1,38,710
9,454	45,845	42,550	75,066	1,02,260	1,29,073	1,61,915	1,37,499	1,63,096	1,95,377	2,42,635	1,96,671
1,46,616	65,367	93,885	1,04,543	94,411	1,72,224	- -	- -	- -	- -	7,170	9,714
5,35,092	7,62,977	7,92,811	7,09,578	5,46,011	6,44,282	6,59,418	5,37,879	4,81,502	6,78,878	1,49,589	1,22,297
1,54,06,058	1,71,27,517	1,65,66,581	1,59,36,702	2,24,28,184	2,47,47,372	2,31,67,000	2,01,95,509	2,73,66,886	2,50,41,185	2,24,59,749	2,11,97,209

COMPARATIVE STATEMENT of the Value of the Principal Articles

ARTICLES.	1847–48.	1848–49.	1849–50.	1850–51.	1851–52.	1852–53.	1853–54.	1854–55.	1855–56.	1856–57.	1857–58.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs*	*Rs*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Animals, living - - -	2,05,800	1,83,400	34,300	82,000	1,01,600	2,59,941	3,40,079	3,51,514	3,49,034	4,39,880	3,40,386
Apparel - - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Borax - - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Cotton Wool - - - -	- -	2,060	- -	3,285	3,909	37,355	6,100	1,859	15,346	9,708	39,992
Cotton Goods - - - -	1,086	7,219	9,988	13,515	35,103	35,421	20,362	20,590	41,289	41,904	12,129
Cotton Twist - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Drugs and Medicines - -	78,101	63,515	61,223	1,56,807	85,494	94,972	95,380	1,26,578	1,42,160	1,00,504	1,60,159
Dyes - - - -	28,252	30,509	1,23,645	2,63,675	2,73,659	4,27,406	4,47,281	3,57,173	5,01,340	8,25,452	6,18,961
Fruit and Vegetables - -	2,858	28,906	28,841	33,657	35,250	37,648	40,384	25,897	29,005	37,369	47,561
Fuel, Firewood - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Grain and Pulse - - -	48,434	56,070	3,54,895	5,97,257	6,97,756	4,35,490	2,70,205	6,89,974	5,63,492	1,58,109	4,00,373
Hemp, and manufactures of -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Hides and Skins - - -	39,659	45,874	30,309	29,068	15,272	12,712	13,887	41,563	30,272	38,572	35,131
Jute, and manufactures of -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Liquors—											
Ale, Beer, and Porter -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Wines and Liqueurs - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Spirits - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Metals - - - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Oils - - - - - -	1,350	1,639	7,471	25,082	23,802	10,645	14 861	9,199	28,606	18,103	32,831
Provisions and Oilman's Stores	44,737	30,993	42,254	56,597	1,25,917	2,25,167	1,40,750	1,33,730	2,87,856	2,09,957	2,71,575
Salt - - - - - -	- -	156	- -	- -	- -	- -	- -	44,587	- -	13,074	28,000
Saltpetre - - - - -	79	- -	1,287	31,310	4,337	1,03,530	1,92,565	2,08,616	2.12,004	3,75,472	5,96,027
Seeds (oil) - - - - -	25,383	9,743	12,754	52,174	1,59,129	2,30,984	1,45,626	1,31,171	13,99,763	12,47,827	31,05,342
Silk, raw - - - - -	537	1,349	981	1,225	5,196	2,002	6,195	4,595	3,761	3,20,174	2,73,042
Silk, manufactures of - -	7,175	12,151	13,621	7,197	12,110	13,575	22,014	11,259	12,246	13,531	14,088
Spices - - - - - -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Sugar and Molasses - - -	325	4,421	1,362	926	2,526	722	5,306	6,534	1,732	12,415	3,350
Tea - - - - - -	- -	728	357	128	150	- -	495	- -	1,964	2,485	2,100
Tobacco - - - - -	4,050	753	501	276	877	3,168	1,065	374	939	3,796	247
Wood - - - - - -	- -	590	1,992	5,008	248	305	448	450	408	4,214	3,498
Wool - - - - - -	1,81,598	1,32,799	2,24,749	5,19,318	7,57,162	16,38,402	18,02,628	12,48,225	22,13,108	31,15,903	39,37,471
Wool, manufactures of - -	5,452	1,192	7,007	14,531	5,352	16,584	19,400	19,662	8,210	73,866	5,74,225
Treasure - - - - -	7,73,719	4,07,276	1,20,584	4,919	8,810	9,525	4,114	8,749	32,771	98,816	45,152
All other articles - - -	98,713	49,996	65,662	66,663	48,569	1,67,462	2,09,962	26,637	1,69,097	1,84,091	2,39,646
TOTAL - - - *Rs*	15,47,308	10,71,339	11,43,783	19,64,618	24,41,228	37,63,376	37,63,107	34,68,936	60,44,403	73,45,222	1,07,81,286

STATEMENT of BOAT TONNAGE, RIVER TRAFFIC on the

	UP TRAFFIC.								
	Boats Laden with Merchandise: through Traffic.			Boats Discharging their Merchandise at Sukkur.			Boats leaving the Bunder with Merchandise.		
	Number of Boats.	Burthen in Maunds.	Quantity of Merchandise in Maunds.	Number of Boats.	Burthen in Maunds.	Quantity of Merchandise in Maunds.	Number of Boats.	Burthen in Maunds.	Quantity of Merchandise in Maunds.
For 1856 - - - -	740	368,550	330,800	600	217,000	166,500	629	223,400	164,500
" 1857 - - - -	649	309,200	234,400	851	339,800	242,000	899	367,250	249,300
" 1858 - - - -	87	106,340	57,670	571	250,062	76,957	630	281,955	59,762
" 1859 - - - -	345	184,715	20,816	1,138	491,216	159,935	1,039	531,300	156,739
" 1860 - - - -	104	64,598	48,449	1,946	982,175	821,357	1,733	689,660	523,958
" 1861 - - - -	85	54,710	49,080	1,716	741,210	583,870	1,699	663,511	589,133
" 1862 - - - -	- -	- -	- -	1,232	566,493	451,935	1,714	456,870	391,877
" 1865 to 1866 - - - -	74	58,901	26,293	334	85,350	25,586	3,108	1,540,135	524,233
" 1866 to 1867 - - - -	43	28,969	98,664	82	31,122	8,244	4,846	669,628	1,229,140
" 1867 to 1868 - - - -	932	550,818	122,054	293	144,797	42,915	167	2,698,148	1,562,719

of Export from the Province of *Sind* for the last 23 Years.

1858-59	1859-60.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65	1865-66.	1866-67	1867-68	1868-69	1869-70.
Rs.	*Rs.*	*Rs*	*Rs*	*Rs*	*Rs.*	*Rs.*	*Rs*	*Rs.*	*Rs.*	*Rs*	*Rs*
9,57,215	9,36,275	4,30,000	2,90,000	1,20,924	3,53,118	4,41,323	4,61,542	2,22,160	4,23,495	6,41,609	5,97,336
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	46,776	58,474
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	34,037	15,258
4,100	590	85,690	11,91,964	1,43,93,484	2,11,60,043	1,06,31,206	96,53,403	58,01,473	40,18,564	47,16,407	75,19,180
29,043	43,960	1,18,256	84,473	3,56,145	4,95,718	3,48,701	3,71,228	2,98,845	2,98,130	2,18,915	1,75,951
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	55,686	33,900
2,63,785	3,14,075	1,52,947	1,55,375	1,48,862	1,05,523	1,67,904	2,72,457	2,11,206	1,69,944	3,07,929	1,80,710
4,25,937	6,79,397	5,39,424	11,74,636	12,15,514	5,94,044	13,72,543	14,17,002	11,76,653	12,61,550	16,71,537	27,90,253
1,02,837	1,44,715	91,020	1,24,521	1,71,479	1,72,709	1,62,026	2,45,695	1,61,172	2,55,960	1,88,867	2,41,387
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	34,579	53,557
3,41,492	7,49,079	14,49,966	9,84,339	20,11,510	49,35,833	42,74,862	32,84,735	44,10,000	39,88,560	21,48,092	12,90,921
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	15,590	17,706
46,979	81,986	85,578	1,37,930	49,031	37,469	37,210	56,762	69,792	50,706	1,38,005	3,76,682
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	2,974	19,667
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	2,610	2,555
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	3,575	4,757
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	10,549	8,313
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	22,141	12,445
29,959	33,083	42,571	55,720	1,36,779	1,03,115	79,657	1,04,143	5,23,511	6,77,960	2,40,678	1,84,383
1,50,291	1,89,221	1,28,720	1,91,019	5,46,507	15,71,213	20,67,070	19,68,436	10,51,795	12,34,095	13,67,470	9,71,547
2,09,561	26,310	2,04,023	5,88,575	54,047	65,287	1,516	- -	- -	- -	22,200	68,400
9,45,965	7,48,121	5,86,299	4,99,691	3,67,085	2,47,704	2,18,723	97,548	49,765	46,496	8,517	23,318
29,65,143	15,42,969	17,86,080	15,14,045	31,57,783	32,85,709	18,17,833	15,89,816	28,35,980	24,11,675	23,29,971	11,32,286
19,137	1,82,255	65,009	1,31,037	1,52,449	90,040	1,98,017	3,70,506	5,45,425	7,94,228	5,55,973	8,40,501
21,134	18,756	19,827	17,465	18,298	29,642	13,900	5,417	27,744	20,049	19,793	1,713
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	7,264	5,216
5,006	499	908	7,158	26,718	11,889	34,742	3,72,612	2,90,573	61,440	5,693	18,593
40	150	2,825	4,952	67	250	257	3,016	10,207	13,521	84,519	62,148
1,542	320	4,166	31,815	1,110	140	1,628	34,530	6,948	4,888	8,278	3,562
9,734	9,972	15,499	7,054	6,460	17,346	49,125	7,670	43,701	11,153	25,465	37,386
26,16,823	31,51,043	32,75,002	51,71,025	71,44,305	66,11,326	58,82,952	64,18,801	38,12,654	35,26,033	49,49,899	29,99,747
9,77,167	3,61,509	8,77,643	9,26,163	20,32,020	12,34,896	5,67,410	6,87,203	5,20,498	3,54,863	2,63,213	3,54,696
38,656	26,260	56,450	1,11,600	34,628	55,970	1,14,290	1,31,322	60,798	15,260	75,700	1,39,096
2,81,180	2,32,843	2,52,015	3,28,285	7,30,737	7,01,750	8,02,255	3,74,092	2,93,352	3,31,853	1,86,146	1,31,586
1,04,42,726	94,73,358	1,02,69,918	1,37,28,842	3,28,75,942	4,18,80,734	2,92,80,150	2,79,27,936	2,24,24,252	1,99,70,423	2,01,10,557	2,03,73,230

Indus, from the Year 1856-1862, and 1865-1868.

DOWN TRAFFIC.									MONTHLY GROWTH OR DECLINE OF TRAFFIC			
Boats Laden with Merchandise, through Traffic			Boats Discharging their Merchandise at Sukkur			Boats leaving the Bunder with Merchandise.			Up River		Down River	
Number of Boats	Burthen in Maunds.	Quantity of Merchandise in Maunds.	Number of Boats	Burthen in Maunds.	Quantity of Merchandise in Maunds	Number of Boats	Burthen in Maunds.	Quantity of Merchandise in Maunds.	Increase of Traffic in Maunds	Decrease of Traffic in Maunds	Increase of Traffic in Maunds	Decrease of Traffic in Maunds.
1,188	526,000	506,000	2,210	927,500	897,000	2,288	818,000	776,000	124,100	134,600	370,000	101,000
1,164	571,500	517,800	2,077	1,002,300	940,339	3,097	913,760	848,057	141,500	176,000	516,000	328,800
60	36,640	32,441	2,440	1,164,324	1,124,103	2,189	795,327	681,932	28,498	88,171	183,636	176,873
37	23,050	19,340	2,014	976,321	845,096	2,430	704,109	646,843	197,511	8,726	106,936	485,190
348	259,900	117,269	918	451,550	205,717	978	435,285	131,343	1,108,382	- -	301,814	744,363
402	395,918	173,713	940	509,010	156,902	929	478,390	182,657	124,478	373,529	114,824	162,731
181	282,686	70,246	479	215,430	89,040	646	320,777	135,170	78,420	448,219	31,631	228,439
745	572,819	349,237	5,555	2,100,851	1,604,968	3,354	1,236,020	908,165	76,637	84,643	483,710	378,699
1,017	741,859	457,169	2,034	1,179,685	763,585	6,313	3,013,368	1,883,428	594,910	83,149	536,834	578,835
1,916	729,388	507,664	1,580	692,695	469,404	860	3,202,042	2,166,630	684,243	44,524	921,903	579,189

(signed) *J. Howe,*
Conservator of the Indus.

Appendix, No. 12.

GOODS carried by the Sind Railway to *Kurrachee.*

Description of Goods.	1868.	1869.	1870.	TOTAL.	AVERAGE.
DOWN—	*Tons.*	*Tons.*	*Tons.*	*Tons.*	*Tons.*
Seeds	15,459	3,807	8,933	30,299	10,096
Cotton	5,539	7,699	13,170	26,408	8,802
Wool	3,855	2,949	2,763	9,567	3,189
Ghee and oil	1,571	1,467	2,005	5,043	1,681
Grain and pulse	21,844	6,578	5,180	33,602	11,201
Drugs and medicines	- -	- -	9	9	3
Metals	- -	- -	7	7	2
Government stores	437	156	18	611	203
Iron	- -	- -	4	4	1
Sugar	- -	- -	2	2	1
Spices	- -	- -	8	8	3
Miscellaneous	16,202	10,672	7,387	34,261	11,420
					46,602
UP—					
Seeds	- -	- -	6	6	2
Grain and pulse	- -	- -	2,816	2,816	938
Ghee and oil	- -	- -	17	17	6
Iron	6,906	4,068	2,415	13,369	4,456
Spices	105	181	274	560	186
Steel	—	—	—	—	—
Sugar	2,504	2,357	2,196	7,057	2,352
Cloths	2,589	2,793	2,536	7,918	2,639
Metals	615	628	454	1,697	566
Coal	5,435	496	- -	5,931	1,977
Drugs	- -	- -	1	1	—
Railway materials	4,507	1,162	1,545	7,214	2,404
Miscellaneous	12,522	14,004	20,008	46,534	15,511
Commissariat stores	6,963	7,150	2,473	16,586	5,528
					36,565

STATEMENT of Registered Burthen of BOATS taken at *Kotree.*

For what Year.	Receipts.			TOTAL Amount of Maunds.	REMARKS.
	Rs.	*a.*	*p.*		
1862	19,399	-	-	1,611,465	
1863	39,457	-	-	1,893,956	
1864	49,996	-	-	2,399,849	
1865	39,669	-	-	1,904,141	
1866	44,187	-	-	2,120,984	
1867	37,718	-	-	1,791,810	
1868	41,208	9	4	1,978,012	
1869	33,567	10	4	1,611,247	
1870	35,902	6	4	1,723,315	= 63,357 tons.

(signed) *J. Howe,*
Conservator of the Indus.

COMPARATIVE STATEMENT of PASSENGER TRAFFIC and POPULATION in Countries provided with RAILWAYS.

———	Population.	Area in Square Miles.	Length of Railway.	Length of Railway per Million of Population.	Length of Railway per 1,000 Square Miles of Territory.	Number of Passengers booked Daily.	Number of Passengers booked daily per 1,000 Inhabitants.	Average distance Travelled Daily by Passengers.	Average Daily Mileage of Passengers per 1,000 Inhabitants.	REMARKS.
United Kingdom in 1847 - -	27,019,558	121,050	5,000	185·0	41·3	* 173,779	6·4	16·54	106	* When there were only 4,500 miles of Railway.
Belgium - - - - - -	4,335,319	11,256	457	105·2	40·3	10,087	2 32	22·6	52·4	
District affected by the Madras Railway from Madras to Goriattum -	1,500,000	2,400	96	64	40	720	·480	39	18·7	Before the reduction.
						2,500	1·66	38	63 08	After the reduction in the passenger rates.
Hydrabad Collectorate (Northern portion) - - - - -	† 480,000	* 4,800	120	250	25	480	1⅔	30	50	These are merely estimated.

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* Allowing that the railway local traffic affects the districts within 20 miles of the railway on either side.

† Taking it at 100 to the square mile, as the portion of the district traversed by the line will, before long, probably have considerably more than the average population per square mile, the average being 64.

Appendix, No. 12.

APPROXIMATE ESTIMATE of the Probable Receipts to be expected from the Sind Valley Railway.

This may be divided into the receipts from:—

1st. Local traffic in passengers and goods.

2nd. Through traffic in passengers and goods.

	Length of Railway.	Population.	Probable Receipts from Passengers per Annum.	Net Local Traffic Receipts.
Right Bank of the Indus.			*Rs.*	*Rs.*
From Kotree to Sehwan - - -	81 miles	29,803	8,494	
From Sehwan to Sukkur - - -	141½ „	549,483	1,55,040	
			1,63,534	1,23,956
Through traffic net receipts, 5 pies per ton per mile, on 38,740 tons - -	- -	- -	- -	2,24,470
Total Net Receipts - - - *Rs.*	- -	- -	- -	3,48,426
Left Bank of the Indus.				
1. Kotree to Ali Morad's frontier - 2. Through Ali Morad's territory -	188½ „	599,240	1,68,985	1,28,237
Through traffic net receipts, 5 pies per ton per mile on 29,240 - - -	- -	- -	- -	1,44,000
		TOTAL Net Receipts - - - *Rs.*		2,72,237

The total cost of the Right Bank line is estimated at 1,15,22,746 rupees, or 1,152,275 *l.* The net receipts are estimated at 34,842 *l.*, or 3·02 per cent. on the above sum; but if the working charges are 60 per cent. of the gross receipts, this figure will be reduced to 2·41 per cent.

The total cost of the Left Bank line is estimated at 1,23,28,572 rupees, or 1,232,857 *l.* The net receipts are estimated at 27,224 *l.*, or 2·22 per cent. on the above sum; but if the working charges are 60 per cent. of the gross receipts, this figure will be reduced to 1·78 per cent.

Add 41,508 rupees for the difference between the receipts from through goods on the Right and Left Bank, yielding - - - - - - -	0·338 per cent.
	2·118

The receipts from passengers are deduced from the population as follows:

The daily passengers' mileage is assumed to be 5 per 1,000 inhabitants per diem, and the receipts 3 pies per passenger mile. This makes the annual receipts $\frac{365 \times 50 \times 3}{192} = 285$ rupees per thousand inhabitants, or ·285 rupees per head of the population; adding 50 per cent. for the local goods traffic, and assuming the working expenses to be 50 per cent. of the gross receipts, we have the net local traffic receipts $·285 \times \frac{3}{2} \times \frac{1}{2} = ·214$ rupees per head of the population.

PROBABLE through Traffic from Sukkur and Kotree.

RIGHT BANK LINE.

	Tons.
1. Average from the centre of trade on the right bank to Kotree, equivalent to	15,300
2. Trade from above Sukkur:—	
1. Portion carried by steamers - - - - - - - - -	20,900
2. Portion carried by boats - - - - - - - - - -	2,540
TOTAL - - -	38,740

LEFT BANK LINE.

1. Average from the centre of trade on the left bank to Kotree, equivalent to	5,800
2. Trade from Sukkur, as above - - - - - - - - -	23,440
TOTAL - - -	29,240

ABSTRACT of KHETTY EXPORTS and IMPORTS.

		1868.	1869.	1870.	Total.	Tons.	Average.
EXPORTS.							
Seeds - - - -	*cwts.*	160,469$\frac{33}{112}$	92,989$\frac{104}{112}$	107,366$\frac{95}{112}$	360,815$\frac{8}{112}$	18,041	6,013
Oil - - - - -	*galls.*	18,867$\frac{3}{4}$	12,896$\frac{1}{2}$	8,805$\frac{1}{2}$	39,569$\frac{3}{4}$	180	60
Cotton and wool - -	*lbs.*	70,502	367,392	358,944	796,848	356	118
Wool - - - - -	"	1,790,328	1,539,804	2,318,304	5,648,436	2,521	840
Ghee - - - - -	*cwts.*	1,926$\frac{22}{112}$	941$\frac{104}{112}$	3,104$\frac{98}{112}$	5,973	299	99
Grain and pulse - -	"	720,798$\frac{95}{112}$	458,686$\frac{63}{112}$	117,584$\frac{92}{112}$	1,297,070$\frac{26}{112}$	64,853	21,617
Drugs and medicines -	"	18,617$\frac{48}{112}$	10,914$\frac{68}{112}$	24,680$\frac{16}{112}$	54,212$\frac{20}{112}$	2,711	903
Metals - - - - -	"	96$\frac{84}{112}$	14$\frac{100}{112}$	26$\frac{60}{112}$	138$\frac{20}{112}$	6	2
Spices - - - - -	"	12$\frac{56}{112}$	7$\frac{56}{112}$	- -	20	1	-
Iron - - - - -	"	—	—	—	—	–	–
Sugar - - - - -	"	1,383$\frac{58}{112}$	71$\frac{16}{112}$	436$\frac{96}{112}$	1,891$\frac{58}{112}$	94	31
Steel - - - - -	"	—	—	—	—	–	–
							29,683
IMPORTS.							
Seeds - - - - -	"	938$\frac{26}{112}$	217$\frac{16}{112}$	213$\frac{71}{112}$	1,469$\frac{1}{112}$	73	24
Oil - - - - -	"	54	4$\frac{1}{2}$	54	112$\frac{1}{2}$	6	2
Cotton and wool - -	*lbs.*	2,012	744	992	3,748	2	1
Cocoanut nut or kernal -	*cwts.*	2,724$\frac{107}{112}$	2,855$\frac{48}{112}$	1,088$\frac{21}{112}$	6,668$\frac{64}{112}$	333	111
Ghee - - - - -	"	- -	22$\frac{84}{112}$	- -	22$\frac{84}{112}$	1	–
Fruit and vegetables -	"	9,723$\frac{56}{112}$	6,903$\frac{103}{112}$	11,871$\frac{105}{112}$	19,748$\frac{37}{112}$	987	329
Grain and pulse - -	"	320$\frac{4}{112}$	4,122$\frac{31}{112}$	12,772$\frac{46}{112}$	16,214$\frac{81}{112}$	811	270
Drugs and medicines -	"	2,498$\frac{28}{112}$	4,225$\frac{22}{112}$	3,061$\frac{97}{112}$	9,785$\frac{35}{112}$	489	163
Iron - - - - -	"	105,287$\frac{28}{112}$	53,177$\frac{34}{112}$	37,893$\frac{28}{112}$	196,357$\frac{90}{112}$	9,818	3,273
Steel - - - - -	"	4,731$\frac{28}{112}$	4,148	5,541	14,420$\frac{28}{112}$	721	240
Spices - - - - -	"	4,090$\frac{24}{112}$	6,531$\frac{6}{112}$	5,149$\frac{100}{112}$	15,771$\frac{8}{112}$	788	263
Sugar - - - - -	"	3,472$\frac{28}{112}$	5,002$\frac{76}{112}$	4,474$\frac{40}{112}$	13,949$\frac{32}{112}$	697	233
							4,909

ABSTRACT.

During the last three years the actual registered river traffic was:—	*Tons.*	*Tons.*
DOWN.		
Sind Railway - - - - - - - - -	46,602	
Khetty - - - - - - - - -	29,683	76,285
UP.		
Sind Railway - - - - - - - -	36,565	
Khetty - - - - - - - - -	4,909	41,474
TOTAL both ways - *Tons*		117,759

In the above, however, many articles which are only mentioned in the Customs returns of Khetty in numbers are not included.

(signed) *T. Dowden*, Captain, R.E.
Deputy Consulting Engineer, Sind Railway.

24 March 1871.

Appendix, No. 12.

SIND, PUNJAB, AND DELHI RAILWAY COMPANY.
(INDUS STEAM FLOTILLA.)

STATEMENT of GOODS Conveyed from Station to Station from 1862 to 1870.

Half Year Ending.	Kotree to		Sukkur to		Mooltan to	
	Sukkur.	Mooltan.	Kotree.	Mooltan.	Kotree.	Sukkur.
	Mds.	*Mds.*	*Mds.*	*Mds.*	*Mds.*	*Mds.*
1862 December (8 months)	11,490	58,890	27,454	3,010	81,565	6,878
1863 June - - -	5,841	72,691	17,146	1,291	54,318	13,685
„ December - -	12,543	83,954	43,077	5,343	63,595	11,581
1864 June - - -	11,401	114,013	143,505	1,227	20,142	7,662
„ December - -	23,390	92,826	49,819	8,296	82,673	11,045
1865 June - - -	14,326	111,784	38,431	15,196	48,204	27,085
„ December - -	30,967	90,941	73,202	12,255	94,566	43,042
1866 June - - -	8,375	43,162	60,062	707	125,436	27,229
„ December - -	26,568	76,756	54,370	12,005	79,930	15,717
1867 June - - -	24,702	79,937	46,404	977	73,258	14,108
„ December - -	28,346	144,528	57,313	976	72,256	7,365
1868 June - - -	25,275	127,160	58,236	6,520	63,752	15,061
„ December - -	26,151	160,709	34,119	807	47,262	14,394
1869 June - - -	26,994	147,497	52,527	22,416	57,185	28,955
„ December - -	33,957	143,910	39,232	5,829	55,188	20,981
1870 June - - -	26,321	152,139	52,469	10,452	124,535	58,160
„ December - -	41,412	207,331	84,353	2,380	46,116	40,524
TOTAL - -	378,059	1,908,228	931,719	109,687	1,189,981	363,472

(signed) *J. Cambell,*
Accountant, &c, in Sind.
John Wood, Captain,
Agent in Sind.

STATEMENT giving Information supplied by *W. Cole*, Esq., Collector of Customs, respecting the Trade of Sind.

QUERY.	REPLY.
1st. At the end of the Chamber's report for 1867–68, there are comparative statements of imports and exports up to that year. Will you give us the same information for the following years?	You will find this information in the Chamber's reports for 1868–69 and 1869–70, sent to you with the report for 1867–68. The whole particulars were furnished from this office.
2nd. Your opinion as to how much of the export wool comes into Kurrachee by the hill routes, and how much down the Indus by native boats, and the Flotilla. Also as to whence the greater part of the wool is obtained.	Taking five years from the 1st of January 1866, I find a little upwards of nine lakhs of maunds of wool exported. Of this about one-third was brought down the Indus by native boats and Indus Steam Flotilla, and the remainder principally by the hill routes. From Khorasan (Afghanistan) decidedly.
3rd. Names of the different kinds of seed comprised under the general head of oil-seeds, and the kind most valuable and likely to increase, supposing its production in the Indus Valley to be increased.	Chiefly rape or sursee seed, mustard seed, and gingely or teel seed. Rape and gingely are the most valuable, and likely to increase in quantity. Our exports of oil-seeds are almost entirely of these latter.

Appendix, No. 12.

EXTRACT REPORT by Captain *Hancock*, R.E., Acting Consulting Engineer for Railways at Bombay.

4. They (the Committee) estimate that the net receipts on the first or left bank line will give a return on the capital expended of 2·22 per cent. per annum, if the working expenses amount to 50 per cent. of the gross earnings, and 1 78 per cent. if the working expenses are 60 per cent. of the gross earnings; and that the net receipts on the second or right bank line will yield 3·02 per cent. and 2·41 per cent. under the same conditions. They have not calculated the probable net revenue on the third alternative line, the great cost of which excludes it from consideration.

5. The decision of the Committee is in favour of the right bank line, and they do not report in favour of the proposal or suggestion put forward originally by Colonel Strachey, for combining a canal and a railway.

6. The difference in length between the right and left bank lines, as sketched in the map appended to the Committee's report, measured in both cases between Kotree and Rohree, is 19 miles only; but Rohree is off the direct line to Mooltan on the left bank route, and would be accommodated by a branch (this is clearly shown in the map appended to the report of Sir William Merewether's Committee of 1868), and the distance for through traffic from the Punjab would be nearly 40 miles less if the left bank line were adopted. For through traffic, therefore, the left bank line is the best of the two laid down, and, as pointed out by Colonel Trevor in his memorandum dated 11th January 1869, it would be possible to reduce the length of the left bank line very considerably by carrying it along the valley of the Eastern Narra, and cutting off the great bend in the River Indus. The Committee appear, however, to consider it an essential feature of the scheme that the line should follow the belt of cultivation and population along the bank of the river, and thus accommodate local traffic of Sindh; and they have not taken the direct route along the Eastern Narra, on which there is no population, into consideration at all.

* * * * * *

18. The Committee have considered the question of traffic earnings under three heads:

1. Through traffic with the Punjab.
2. Through traffic due to import and export trade, Sindh.
3. Local traffic, goods and passengers.

It appears to me, from paragraph 44 of the Report and the Appendix I., that the Committee have only allowed for receipts from *exports* under the first head, *i.e.*, from goods carried from the Punjab to Kotree. They put down the Punjab traffic at 23,440* tons per annum, the figures being arrived at by taking the whole tonnage brought down by the flotilla in 1863–64 (20,900 tons), and adding one-twentieth of that by native boats, but they do not appear to have included the return traffic from Kotree. On the other hand, I doubt if they are right in assuming that the flotilla will be superseded altogether by the railway, or that the right bank would get the same amount of through traffic as the left bank. The receipts for through traffic should certainly not be put down as less in the gross on the left bank than on the right bank A higher rate would be charged for the shorter distance.

19. The through traffic of Sindh proper, including exports and imports, is put down as 96,000 tons per annum, and the Committee estimates that the right bank line will get 24,000 tons, or one-half the traffic between Larkhana and Kotree, and the left bank line 10,000 tons, or half the traffic between Mora and Kotree, and that none will cross the river. This appears to be a very moderate estimate; the equivalent ton-mileage is added to that of the Punjab through traffic in the computation in Appendix I.

20. The Committee have calculated the local passenger traffic from the daily average passenger mileage in other parts of India in proportion to population, and they roughly set down the local goods traffic as yielding one-half the sum earned by local passenger traffic. Nothing seems to have been allowed for through passengers' traffic.

21. The gross earnings, according to the Committee's computation, would be on the right bank, 7 96,852 rupees, and on the left bank, 5,44,474 rupees per annum, being at the rate of 3,581 rupees per mile on the right bank, and 2,682 rupees per mile on the left bank. This is a very moderate estimate indeed; but the Committee's estimate of *net* receipts is, in my opinion, much too high with the very poor traffic which the Committee expect; the line will, I am sure, never be worked at 60 per cent. of the gross receipts.

22. There will, to the best of my judgment, be no saving in actual cost of working in narrow gauge lines as compared with broad gauge. The only saving will be in interest on capital invested. If the through goods traffic will not exceed 38,740 tons on the right bank, and 29,240 tons on the left bank per annum, and the average rate per ton cannot be fixed higher than 10 pies per ton per mile, I believe the working expenses on this small traffic will absorb all, or nearly all, the earnings. There are certain charges for establishments

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* Since this was written I have looked at the fourth paragraph of Major Bonus's report, referred to by the Committee, and, as far as I can make out, they have taken the traffic of the Indus Steam Flotilla and the Oriental Inland Steam Navigation Company both up and down, so that 20,900 tons does include imports.

Appendix, No. 12. ments which are the same, whatever the amount of traffic, and, unless the balance of goods up and down the line is extraordinarily favourable, the fixed charges and the variable charges taken together will, I am pretty certain, not work out at a lower average than 10 pies per ton.

23. The Sind Railway may be said to pay nothing, though its annual receipts per mile have been as under:—

	1865.	1866.	1867.	1868.	1869.	1870.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Passengers - - -	1,599	1,401	1,898	1,938	1,322	1,181
Goods - - - -	6,581	8,531	9,217	7,540	5,883	6,478
Miscellaneous - -	404	469	744	311	365	325
TOTAL - - - *Rs.*	8,554	10,401	11,859	9,789	7,570	7,984

What can be expected on a line on which the mileage receipts are estimated at much less than half that sum? Making every allowance for extravagance of Sindh Railway establishments, and the superior economy which is to result from Government undertaking the working of the valley line, I think it is clear that such a traffic as the Committee expect cannot possibly pay. To work cheaply a railway must have a large traffic. It is an utter mistake to apply an average working charge deduced from lines in tolerably full work to such a case as that of the Indus Valley line.

24. The general conclusions I have come to are, that the Committee have under estimated the probable cost of both the right and left bank line, especially the former; that the estimate of gross earnings is probably too low, especially for the left bank line; but that if the railway on either bank pays expenses, it is as much as can be expected; and that no return on capital invested can be counted upon until population and trade improve. I must, however repeat, that I know nothing personally about the country, and that I feel my opinion, which is merely the result of reading what has been written by others, is not entitled to much weight.

H. F. Hancock, Captain, R.E.,
Acting Consulting Engineer for Railways.

EXTRACT LETTER from Colonel *Kennedy*, Secretary to the Government of Bombay, to the Secretary to the Government of India; dated 1st August 1871.

5. The Committee's estimate of the cost of construction is very moderate, and Government believe that Captain Hancock's corrections supply data that are more reliable than those adopted by the Committee.

6. So also the Committee's estimate of revenue is low, and this Government would call special attention to the remarks as to the mode in which the net receipts have been calculated.

7. The actual experience of the Sind Railway tends to show that, with a much higher rate of mileage earnings than is estimated for by the Commissioner in respect to the Indus Valley line, the net receipts are nothing, or next to nothing, and that an estimate based on a per-centage of 50 or 60 per cent. of the gross earnings for working expenses on a line with so small a traffic, would be fallacious.

EXTRACT RAILWAY DESPATCH to the Government of India, No. 6 of 18th January 1872, para. 6.

6 I concur in the opinion of your Lordship as to the advantages attendant on the construction of the railway along the right bank of the river, and I accordingly sanction your proceedings. It is to be regretted that the financial prospects are not better; but there is reason to think that they are at least as good as could have been obtained from any other mode of completing the Indus Valley State Railway; and I agree in the opinion of your Lordship that the amount of interest on the capital expended in the construction of the line, beyond the net traffic receipts, will not be a heavy price to pay for the construction of so important a link in the Indian railway system.

4.—HOLKAR (STATE) RAILWAY.

EXTRACT LETTER from Mr. *Neill*, dated 14th July 1870.

2. * * The traffic on the line in question (*i. e.* between Khundwah and Indore) has since considerably increased, the returns for the past official year being,—

	Maunds.	Value.
Imports - -	63,584 - -	*Rs.* 65,95,904.
Exports - -	4,87,988 - -	1,17,89,102.

inclusive of the through opium traffic and military stores.

3. With regard to the sugar traffic which in 1868 was stated to be likely to increase, the following figures will show that the anticipation has been partly realised. The exports from Khundwah to Indore were, in—

1866–7 - - - - - - -	9,451 maunds.
1867–8 - - - - - - -	26,191 „
1868–9 - - - - - - -	7,978 „
1869–70 - - - - - - -	21,618 „

The falling off in 1868–9 was due to the imposition by the Inland Customs Department of a duty of one rupee per maund on consignments crossing the line into Indore, but it will be seen to have risen in the past official year to the level of 1867–8, the first year of the opening of the railway to Khundwah on the removal of the duty after the subject had been represented to the Government of India. It remains, however, to be seen, whether the opening of the railway through the Nerbudda Valley will not affect this direct trade to Indore in any way, that is, whether the Mirzapore sugars, which hitherto competed with the cheaper western sugars in the Central India markets, under great disadvantages as to carriage, &c., may not now reach those markets by shorter routes from the railway stations at Hoshungabad and Hurda, and thus curtail the general demand on this entrepôt at Indore.

EXTRACT LETTER from Mr. *Cadell*, dated 20th July 1870.

18. I AM, however, directed to state, that the trade statistics lately obtained, which are quoted in paragraph 107 of Mr. Campbell's report are quite reliable, and that with the additional traffic which will come to the line when constructed, there is no doubt that a railway from Indore to Khundwah, without taking into consideration the probable extension through Malwa, will certainly prove remunerative if economically constructed.

EXTRACTS REPORT by Mr. *Campbell*, Superintending Engineer, Halkar State Railway.

5. ON sheet No. 1 will be found a map of Malwa and Praut Nimar, showing the various marts and centres of trade. It is evident from this that, to secure the objects now in view, the railway should run through or near to the towns of Sunnawud, Burwail, and Mhow. The first of these is a small, but flourishing grain mart, through which the produce of the valley on the left bank of the Nerbudda finds an outlet. Burwail holds the same position with regard to the country on the right bank. It is a large and thriving town, and already carries on a considerable trade, which the opening of the railway will largely develope. A considerable passenger traffic may be expected here, for it is but five miles from Boukar Mandhatta, one of the most popular shrines on the sacred Nerbudda, to which thousands of pilgrims flock annually from all parts of India; whilst Muhesir, 28 miles to the west, is also a much frequented place of pilgrimage. A considerable increase of traffic may also be looked for from the Burwail ironworks when they are brought into railway communication with the Chanda and Nerbudda coal fields, and can thus be worked with sufficient economy to make them profitable.

6. Mhow will yield a large passenger traffic, and the mass of commissariat and ordnance stores which are yearly imported into it will bring in a considerable revenue. It will also be the station for the trade of Dhar and Amjeerah. Thus, commercially, as well as politically, there are valid reasons for taking the line *viâ* Mhow.

7. A railway passing through the above places will open out a large tract of fertile ground. For more than half its course, it runs through an open and richly cultivated country, and for much of the remaining distance passes through good, culturable land, where water abounds, and which only requires labour and capital, to be as valuable as the rest. It thus contrasts very favourably with the Banglee line, which, for nearly its whole course,

Appendix No. 12.

course, runs through broken ground and dense jungle, and does not go near a single place of trade, whilst it involves 43 miles of extra haulage to the traffic from Mhow, and 31 miles to that from Indore and the rest of Malwa.

8. Accepting then, the route *viâ* Sunnawud, Burwail, and Mhow, as the best on commercial grounds, we have to determine whether a practicable ascent of the bindyas and a favourable crossing of the Nerbudda can be got in this direction.

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28. The exports from Malwa consist of opium and cotton, all of which goes to Bombay. The imports comprise European miscellaneous and piece goods, all of which come from that part, and some oil, sugar, and tobacco, the bulk of which also comes in the same direction. Malwa does not grow sufficient food for its population, and imports large quantities of cereals from the rich grain districts of Bhopal and Bhilsa. A small quantity is also brought by bungaries on pack oxen from the British districts of Hoshungabad and Nursingpoor; but this comes direct across Bhopal. With the opening of the railway, however, it is probable that a small trade in grain and country produce will spring up with the districts beyond Minar, but it can never attain any great dimensions with so formidable a rival as the Bhopal and Bhilsa grain country, the construction of a light cheap railway towards which places and Saugor is a mere question of time. Under these circumstances, nine-tenths of the traffic of Malwa will always pass to and from Bombay. Khundwa is therefore the proper point of junction for our line, and I would strongly deprecate its being placed anywhere else.

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106. The map of Malwa, on sheet No. 1, shows at a glance how busy and prosperous is the country opened out by the projected line and its contemplated extension towards Neemuch and Rajpootana.

* * * *

107. * * For the last five years, the average trade of Indore and the territory around it has been as follows:

	Maunds.	Tons.
Exports - - - - - - - - -	1,73,560 =	6,198
Imports - - - - - - - - -	7,22,525 =	25,804
Goods passing through to other parts of Malwa -	6,65,262 =	23,760
Total Maunds -	15,61,347 or	55,762 tons.

108. Spread over 300 working days, this will give a daily goods traffic of 186 tons; and to it must be added that portion of the trade of Rutlam, Jowra, and Neemuch, which does not pass through Indore; also all the Ordnance, Commissariat, and other supplies imported into Mhow, and the whole of the trade with Dhar and Amjeera. An average daily goods traffic of from 250 to 300 tons may therefore be confidently expected on the opening of the line, and before many years have elapsed, Colonel Cadell's estimate of 400 tons per diem will certainly be reached.

EXTRACT MEMORANDUM by Mr. *Campbell*, dated 25th August 1870.

37. ON engineering grounds it matters but little whether the line to Jawur, or the alternative to Khundwa be taken. Both are equally good; the former has the advantage of being 2½ miles shorter, and of costing 20,000 *l.* less; but this argument has but little weight, for the expenditure of this sum will secure to Government the extra carriage of all the traffic for 2½ miles, and the money value of this can be easily estimated.

38. Take the goods traffic only, which I estimate at 90,000 tons per annum (300 tons over 300 working days, *see* paragraph 108 of the report). Taking the classification and rates of the Great Indian Peninsula Railway, our average charge per ton per mile will be one anna, and the profit on its carriage will be six pie. For 84 miles of line, costing one million sterling, this amounts to 23,620 *l.*, or 2·36 per cent. upon the capital sunk. Whereas at the same rates, the carriage of the same tonnage over 2½ miles of line costing 20,000 *l.*, represents an income of 700 *l.*, or 3½ per cent.

39. Whilst thus Government will be no loser, the trading community, and in consequence the consumer, will be largely benefited. They will save an extra haulage of nine miles, which, on the data above given, means an annual loss to them of over 5,000 *l.*, representing a permanent encumbrance upon the traffic of Central India, which will increase year by year as trade developes.

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EXTRACT REPORT by Mr. *Campbell*.

7. * * * The question of through routes to other provinces no longer interfered with the claims of Indore to a line which should best accommodate its trade, and I had therefore to look for a short and cheap route towards the Great Indian Peninsula Railway and Bombay, which would at the same time accommodate as much as possible the intermediate marts and centres of population. The first point for inquiry was manifestly what these places were, so as to get some idea of the general direction of the intended line.

8. Between Indore and the Great Indian Peninsula Railway, Mhow is the only place north of the Ghats which possesses any trade. Maunpoora, Dultoda, Tillore, Peepuldah, and Banglee, though figuring on the map as large and important places, are mere villages, no larger than a hundred others round about, and without any general traffic. Mhow owes its importance to its being the seat of a large British cantonment, comprising 3,500 troops of all arms. It is one of the most important military positions in this part of India, as from it (especially when the various projected lines are completed), the whole of the territory under native jurisdiction in Central India and Southern Rajpootana can be completely commanded and held in check. It stands nearly 2,000 feet above the sea, possesses an excellent climate, and might be made one of the most healthy stations in India. Its importance is sure to increase in the future, but even in its present state it is well deserving of consideration in fixing the line to be followed by the railway. The Suddur Bazaar is large and wealthy, containing about 16,000 inhabitants, who, with the troops and camp-followers, bring up the total population of Mhow to 24,000 souls, so that a large passenger traffic may be expected. The trade of the place is at present wholly an import one, consisting of wines and stores, cereals and piece goods, which, in the aggregate, must be considerable. The Government stores imported amount to 872 tons in the Commissariat Department, and 116 tons in the Ordnance Department. These are at present conveyed from Khundwa by country carts at a cost of 1 rupee per maund, whereas by railway the charge will be only *Re.* 0. 3. 5. and *Re.* 0. 6. 10. per maund,* respectively.

9. With the opening of a railway, Mhow will quickly rise into importance, and become an export mart for the districts between it and Dhar, which are rich, populous, and well cultivated, producing both opium, and cotton, all of which at present goes down the Agra and Bombay road to Munmar in Khandeish, a station on the Great Indian Peninsula Railway. The distance between Dhar and Munmar is nearly 200 miles, the latter being 161 miles from Bombay. With a railway to Mhow, the distance would be 30 miles of cartage by road, and 397 miles by railway, and the cost of carriage would be reduced exactly one-half. Under these circumstances, there can be but little doubt that Mhow will become the seat of a considerable export trade. Indore, its only rival, is seven miles further from Dhar, and any goods going there would most undoubtedly have to pay a heavy toll to Holkar in the shape of transit dues. I have only to add that my instructions were to place Mhow, if possible, upon the railway—"It is scarcely necessary to state (it was said) that the Government regard it of very great importance that Mhow should, if conveniently and economically possible, be on the line."

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11. This Town (Burwai) has, in fact, risen upon the ruins of Mundlaisur and Mahesur. It is a well-built and thriving little place, containing 2,000 houses and 4,500 souls, and is daily increasing in size. It is the mart for all the produce of the rich valley between Mundlaisur and the Chandgurh Hills, once well cultivated and populous, but which, in the troublous times of the Mahratta and Pindaree incursions, fell off, much of the ground relapsing into jungle, which might, however, with a little trouble, be all reclaimed. Burwai is also the seat of ironworks, the resuscitation of which on the opening of the railway may be expected, and taking it altogether, it is certainly the most rising and promising mart in all this portion of the Nerbudda Valley.

12. Five miles to the eastward lies the sacred island of Oonkarjee Mandhatta, an ancient Buddhist fane, but new the seat of one of the most popular shrines of the Hindoo Deity Mahadeo. Thousands of pilgrims flock to it annually from all parts of India, and its fame is daily increasing. A very large passenger traffic may be looked for here.

13. South of the Nerbudda lie the large villages of Sunnawud and Soolgaon, with a considerable trade in grain. The former is the larger, wealthier, and more important of the two, containing 457 houses and 2,149 inhabitants, and would yield a considerable traffic to a railway. The other places between the Nerbudda and the Great Indian Peninsula Railway are mere villages of no importance, and must not be judged by their pretentious appearance on ordinary maps of the country.

14. Passing along the the line of the Great Indian Peninsula Railway, Moondee is a large village with some local traffic, which is fully accommodated by the adjacent station of Beerh; Jawur is a mere hamlet in the midst of a jungle; Sehara a large village with little

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* This is at the East India Company's rates, and allowing ten miles extra for the ascent of the Vindhyas on one-fortieth grade

little foreign trade; Kundwa was once a populous and thriving city, but, like many others in the vicinity, fell into ruin during the troublous times of the latter part of the eighteenth century. Within the last few years it has revived, having been, in 1864, made the chief town of the British district of Nimar. Being the nearest station to Indore and Mhow, with a good metalled road all the way, it has formed the natural terminus for the traffic of Malwa, and has risen to be a thriving town of some 6,000 inhabitants. The traffic at the railway station, both goods and passengers, is very considerable, but hardly any of it is local in its origin, nearly the whole being through traffic to and from Central India. What its future will be it is difficult to say. I should not myself think that it is likely to increase; but those officials, who are better conversant with, and more interested in the subject, seem to anticipate no diminution in its importance.

15. A consideration of the above facts will show that the proper route for a railway from Indore to the Great Indian Peninsula Railway is *viâ* Mhow; passing near Burwai, Oonkar Mandhatta and Sunnawud; and striking the Great Indian Peninsula Railway at any point between Beerh and Kundwa; the latter place being the most eligible as far as population and trade are concerned.

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57. Bearing in mind that of the trade from Indore and Malwa, the whole of the exports consisting of opium and cotton, pass towards Bombay, whilst the imports, comprising European piece goods and stores, cereals, oil, sugar, and tobacco, nine-tenths also come in the same direction; this turns the balance largely in favour of Khundwa as a point of junction. It is true that Malwa does not grow sufficient corn for its population, and that whilst it imports large quantities of cereals from the rich grain districts around Bhilsa and Bhopal, a small quantity has hitherto been brought by the Bunjaras on pack oxen, from Hoshungabad across the Bhopal territory, which will now be diverted to the railway; but this can never increase much with such a formidable competition as that from above the Ghâts. It follows, therefore, that the bulk of the goods traffic along the new railway will always pass along it to and from Bombay, and this fact strongly indicates the Sirra route with Khundwa as its point of junction, as the one which best accommodates the commerce of Central India.

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101. * * * Comparing it with what, as will be hereafter seen, proves the cheapest of any, viz., the line selected last year from Kundwa *viâ* Sunnawud, Kheree Ghât, Burwai and the Choral Valley and Mhow, this latter has a total length of 85·80 miles, and costs 747,884 *l.* It runs through an open, healthy, well-cultivated and populous country, picking up the whole of the traffic between Indore and the Great Indian Peninsula Railway.

5.—KHAMGAON AND OOMRAOTTEE BRANCH (STATE) RAILWAYS.

EXTRACTS RAILWAY DESPATCH from the Government of India, No. 56, of 12th June 1869.

1. We have the honour to forward for your Grace's information a selection of papers referring to the construction of a branch to the Great Indian Peninsula Railway from the Jhellum station to Khamgaon, the great cotton mart of West Berar, and to report that having been satisfied of the importance of such a branch to the cotton trade, and that it may be constructed for a moderate sum on which a sufficient return may be anticipated, we have authorised its immediate commencement, and are sanguine that it may be completed in time for the bulk of the cotton traffic of the next season.

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3. * * Looking to the interests of the chief export of Bombay and the staple trade of the Berars, as well as to the responsibilities of the Government of India for the improvement of the means of communication in the assigned districts, we could not do better than appropriate some of their surplus revenues to the construction, as a State work, of this branch which will, by the outlay of about 30,000 *l.* on 7½ miles of railway, bring the greatest cotton mart of India into railway communication with its port of export, and in doing away with 12 miles of carriage over a cross-country road, extinguish the liability becoming most pressing, for making that road first class at a heavy expenditure, which may at the least be estimated at one-half what the branch railway seems likely to cost.

MEMORANDUM by *H. Rivett-Carnac*, Esq., Cotton Commissioner for the Central Provinces and the Berars on Khamgaon Roads; dated Camp, the 3rd March 1869.

Importance of Khamgaon as a cotton market.

1. It may be well to premise by alluding to the position Khamgaon now holds. During the last few years the trade has greatly developed; but inconveniently placed as the market

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is, at a distance of 12 miles from the railway, few, save those who have business there, visit it, and as unless the market be seen during the season, the wealth and importance of this little "up-country" town cannot easily be realised, Khamgaon has, I fear, generally been regarded as an inconsiderable place, for which the ordinary provisions in the way of roads is ample. I hope, however, to be able to show that, although my demands may not, at first sight, appear very moderate, still that they are not more than the importance of this great market requires.

The wealthy classes of which the population of Khamgaon is composed

2. If I am not mistaken, the Census showed Khamgaon to contain about 9,000 inhabitants. But then the calculation was made late in the year, when the season was over, and when the large floating population that congregates here from November to May had returned to Bombay. But few towns can boast of such a very large proportion of rich residents as Khamgaon. The 9,000 are made up of the handful of Koombies who till the Khamgaon lands, of some few shopkeepers, and a large body of rich merchants and bankers, who buy and sell cotton during the season, and who, making Khamgaon their centre of operations, work from here the cotton trade of the Berars. Most of them have been established here for many years, and have substantial, well-built houses; and many of the native firms of Bombay have branches here, and own considerable property in Khamgaon, houses and gardens, and groves of trees, in which their agents reside during the cotton season. The importance of Khamgaon as a great cotton market has recently been appreciated by the European merchants of Bombay, and within the last two years several firms have established themselves here. Moreover, two large factories for cleaning cotton, and three establishments for "full pressing" the bales, all using steam power, are at work here during the season, besides a large number of half presses. The European firms now established at Khamgaon are as follows:

European firms and companies established there.

The Berar Ginning and Pressing Company (Limited), (factory for cleaning cotton, and steam presses for packing the bales).

The Mofussil Ginning and Pressing Company (Limited), (factory for cleaning cotton, and steam presses for packing the bales).

Messrs Booth & Co.
" Bomanjee, Touchee & Co. (Bombay firm has an agency here.)
" A. C. Brice & Co (Bombay firm has an agency here).
" Finlay, Scott. & Co. (Bombay firm has an agency here.)
Steuart Macnaghten, Esq.
Messrs Rogbe & Co
" Jules Siegfried & Co. (Bombay firm has a branch here, and presses worked by steam for full pressing the bales.)
Messrs. C. Smith & Co.

There is also a branch of the Bank of Bombay here, and a carting agency for carrying off the cotton has recently been established by the Great Indian Peninsula Railway Company.

Officer recently appointed to Khamgaon

3. These large factories and the steam cotton presses employ very large establishments, consisting of European Managers, assistants, and engineers. The staff required by the European cotton agents for purchasing cotton is also considerable; and the European official population is now beginning to increase. Besides the Cotton Commissioner, who is obliged to spend much of his time at Khamgaon, an officer of the Commission has lately been appointed to the Small Cause Court, and to the general charge of the town. An Assistant Engineer, an officer of police, an apothecary of the medical staff, and some employés of the Telegraph Department have been added during the year, and the appointment of so many new officers may be accepted as indicating the growing importance of the place. The wants of Khamgaon in respect to public buildings have been very liberally and promptly supplied, and a new cotton market, a house, as court for the resident officer of the Commission, a market-place for the general market, a serai, travellers' bungalow, post office, dispensary, and new schoolhouse have been built, or are in course of construction. The postal communication has been improved, and mail carts now run between Khamgaon, Nandoora, and Sheagaon, and a branch of the Government telegraph, by which Khamgaon has been placed in communication with all the cotton markets in India and Europe, has been opened.

Local improvements effected.

Development of the cotton trade.

4. The cotton trade, always very considerable, has developed in consequence of the presence of so many purchasers, and Khamgaon is not only the largest cotton market in the Berars, but the largest in India. In a good season the quantity of cotton sent away does not fall short of from 80,000 to 100,000 bales, and the trade of Khamgaon, during a short season that hardly extends beyond four months, may be taken to represent about 1,000,000 *l.* sterling.

5. I hope I have said enough to establish the importance of this cotton market.

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12. The above description does not, I fear, say much for the state of the communications between the railway and the largest cotton market in India, a place that sends away annually its 100,000 bales. I hope I have said quite enough to show that some improvement is required.

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Grounds for advocating the construction of a branch line of railway to Khamgaon.

Arguments for and against the scheme.

16. It may be necessary to allude to the great anxiety evinced by all connected with Khamgaon to see the railway brought home to this great market, and to notice the arguments for and against the construction of a branch line. If my description has conveyed any idea of the trade of the place, then it would seem that it may hardly be necessary to urge much in regard to the importance of connecting this market with the railway by means of a branch line. But I am not unprepared for the arguments that may be advanced against such a scheme. The whole of the trade, some may say, must come sooner or later to the railway, and Khamgaon will soon be left high and dry with a useless branch line constructed at great expense. Although no one would be more heartily glad than myself to see the markets more to the main line, I have not as yet noticed a tendency, consequent on the advent of the railway, to shift the great trade centres. It is true that Wurdah, Akola, and Sheagaon can now boast of some cotton trade; but this represents a small local business, which formerly was done in detail in the neighbouring villages, and which has now been concentrated in these towns, without affecting the trade of the great markets. Sheagaon perhaps intercepts some few cartloads of the cotton intended for Khamgaon; but the Khamgaon market does not depend only on the cotton that crosses the railway line, but is fed by the produce of the ghâts lying to the south, and the rich counrty to its east and west. Moreover, as a rule, the Koombie; even although he may save a 12-mile journey and a like distance on his return, will prefer-going on to Khamgaon, to parting with his cotton at Sheagaon. For at Khamgaon the number of buyers is larger, and prices generally range higher there than at any other market, and the Koombie, to whom at a season of the year when field-work is over, time is of no great consequence, with his own carts and bullocks and a sufficient store of fodder, finds it to his advantage to go on to Khamgaon and get a slightly enhanced price for his cotton. Moreover, at present at least, Khamgaon is undoubtedly the centre of the trade. Here are the many merchants, and the many traders and the Marwarrees who advance money on cotton, and who, with their agencies spread over the country, have many of the Koombies in their books; and here it is that the Koombie, if he has any "business" to transact, in the way of settling up his advances, can most conveniently do it. All these circumstances tend to ensure the stability of Khamgaon. Moreover, here at Khamgaon, all the principal native merchants for many years, have been established, and the European agents, rightly or wrongly, have made it their head quarters; and where the buyers are, there the trade will undoubtedly come. As yet, at least, not the slightest disposition has been evinced by the merchants to shift their quarters. Many of them have comfortable houses and gardens and groves here, and are the owners of considerable property in the town, and they are hardly likely to relinquish these conveniences and to go and settle near the railway, so long as they can ensure the trade coming to them. The port of Carwar on the Malabar coast is a remarkable example of the disinclination of native merchants to leave the market at which they have traded for years, and to which they are thoroughly accustomed, for any other place, notwithstanding the many advantages the change may offer. With the exception of Bombay, the only port on the Malabar coast is Carwar. Here even large ships can load with ease and safety, and the advantages offered to the coasting trade are great. Coompta, for many years the great outlet for the cotton of Dharwar, is distant only about 30 miles. There is no harbour here, but a river with an inconvenient bar, which renders the loading of cotton a matter of difficulty at all seasons of the year. But yet the cotton merchants at Coompta, notwithstanding the many advantages that have been crowded on Carwar, by the construction of roads, wharves, steam presses, &c., have not been induced to exchange Coompta for the port regarding the relative merits of which no doubt can exist. And I am inclined to believe that the same causes that have protected Coompta will be found to favour Khamgaon, in the event of there being any idea of removing the trade to some place on the line of railway. All natives, and particularly those engaged in trade, are notoriously superstitious; and to the man who for many years has done a good business at Khamgaon, or whose forefathers for one or two generations have driven a rattling trade there, there is something very uncomfortable in the idea of shifting the place of business. With it may come a change of luck, they think. One has heard of gamblers, who having won large sums of money, will not on any account change their seats lest their luck should change too; and it is not difficult to understand the feeling of the natives in these matters, who are at heart all gamblers more or less. Leave Khamgaon for Sheagaon, some think, and our luck will leave us too. Added to all these reasons, a large amount of capital has now been invested at Khamgaon by both Europeans and Natives. The two large ginning factories and the three establishments for pressing cotton represent several lakhs of rupees, and their owners are not likely to desert Khamgaon without a struggle. As, then, Khamgaon is not likely to go to the railway, I think our best endeavours should be directed towards bringing the railway to Khamgaon.

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21. There is, perhaps, one other point which should not be left unnoticed, and that is the favour with which the railway company would regard the project; but, in the first place, we have the promise of the agent to lay the rails if Government will construct the roadway; and then, again, there can be no doubt of the advantage that would accrue to the company by the traffic being diverted from Nandoora to Jhellum; 10 miles' freight would be gained on nearly all the cotton exported from Khamgaon; and although it might not pay an independent company to construct a branch under the ordinary conditions, it would doubtless be to the interest of the Great Indian Peninsular Railway to work a line which would be

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got on such advantageous terms The expense of the roadway, the great outlay, I believe, would be saved to them, and the interest in the permanent way, and the expenses connected with the working, would be much more than repaid by the large cotton traffic, and the additional 10 miles of freight (from Jhellum to Nandoora) that would be ensured. The Great Indian Peninsular Railway, with its large establishments close at hand, could work such a branch much more economically than any independent company, and the staff at Khamgaon and along the line could be employed during the season only, and the buildings, &c., would be of the most economical description. I hope then, that it may be fairly considered to be to the interest of everyone that this line should be constructed

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Extract Letter from Mr. *Lyall*, dated 5th April, 1869.

3. The trade and importance of Khamgaon have not been overrated by Mr. Carnac, in fact, I think he might have taken stronger ground if he had given less prominency to the European merchants and agents who are doing business there, and had brought up in line with them the rich Native firms who have, this year at least, invested more capital in Berar cotton than the Europeans; but the latter have sunk more money in buildings and machinery.

4. The calculation (in paragraph 5 of the Memorandum) of the average quantity and value of cotton sent from Khamgaon is, perhaps, based upon a maximum estimate; but I cannot test it by any trustworthy returns until the end of this season.

5. It will be recollected that the Administration has already taken for granted the present importance and future development of Khamgaon. No place in Berar has been so liberally treated in the allotments of local funds, which have been made upon the principle that the whole district shares indirectly in the prosperity and improvement of the chief cotton emporium for its staple produce The public buildings of the place are enumerated by Mr. Carnac; they are quite sufficient to show that the State has already invested much money on its faith in the stability of this cotton mart, and that we are in a manner pledged to back up that belief. If we can secure the fortunes of the town by a fresh investment, if we can, as it were, anchor the cotton trade here by a line which shall tie Khamgaon to the main railway, the Government might be prudently advised to employ our provincial revenues in any measure certain to produce this result. I have no doubt that it would be produced by a branch line, for the commercial prestige of the place is far greater than would be necessary to counterpoise the superior convenience of a new market on the main railway. On the other hand, I am not convinced that, without this branch, Khamgaon will be able for many years to counteract or check the natural gravitation of all export business towards places having communication by rail. We have no good precedent to guide us, for in England no commercial town has been left without a railroad; but I suspect that the superstitious reluctance of Native merchants to change their locality would vanish if they found competitors at Sheagaon or Nandoora actually taking the wind out of their sails, while the European would be troubled by no such fancies at all.

Extract Letter from Colonel *Strachey*, R.E., dated 7th June 1869.

27. As to the eventual profits to be obtained from the line, it will suffice to remark that to earn five per cent. on the first cost, a gross income of, say, 30,000 rupees yearly should be obtained. This would be equivalent to weekly earnings of something less than 80 rupees, or 8 *l.* per mile of railway, which is a moderate sum to expect. The financial success of the work will mainly depend on the first cost being kept down to a small sum.

Extract Resolution of the Government of India, dated 17th January 1872.

3. It is believed that this change, to which the Great Indian Peninsula Railway Company can have no reasonable ground of objection, will not seriously affect the public. The existing rates charged at Khamgaon for carriage of cotton through to Bombay, 360 miles, after deducting for cartage, are—

	Pies per Maund.
Full pressed - - - - - - -	268
Half „ - - - - - - -	401
Docra - - - - - - - -	481

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and they will, according to the altered rates, be—

	Pies per Maund.
Full pressed - - - - - - -	270
Half „ - - - - - - -	402
Docra - - - - - - - -	481

The Oomraottee Branch Line should be treated similarly. The through rate from Budneira, as per page 32 of the Rate and Fare Book, should be charged on behalf of the Great Indian Peninsula, and a terminal of four pies per maund on account of the Berar Government, plus the mileage rate given in page 34, due to the distance, six miles from Oomraottee to Budneira. This would make the through rates from Oomraottee to Bombay 438 miles, exclusive of cartage,—

	Pies per Maund.
Full pressed - - - - - - -	324
Half „ - - - - - - -	486
Docra - - - - - - - -	584

While they are, according to existing rates—

	Pies per Maund.
Full pressed - - - - - - -	324
Half „ - - - - - - -	486
Docra - - - - - - - -	584.

EXTRACT LETTER from the Government of India, Public Works Department; dated 1st April 1871.

8. * * THE Government of Bombay, it will be observed, reckon on a net return of 13,000 rupees per annum, from the terms for working under consideration. This appears to be based on a traffic in cotton of 24,000 tons. Taking the outside cost of the branch at 5,00,000 rupees, the yearly charge at five per cent. for interest will be 25,000 rupees, and this would be covered by an addition to the proposed Government toll on cotton of eight annas per ton. It may not be expedient to raise the toll to this amount immediately, or to make any changes during the present season now drawing to a close, but the principle of so regulating the tariff that the outlay incurred shall prove remunerative, should be held constantly in view.

MEMORANDUM by Major *J. O. Mayne*, R.E., Secretary to the Resident at Hyderabad, in the P. W. Department, on the working of the Khamgaon and Oomraotee Railways, Berars, up to half-year ending 30th June 1871, and their prospects, drawn up for the information of the Resident, Hyderabad.

KHAMGAON LINE.

The Khamgaon line was opened in March 1870 (somewhat late in the cotton season), and it was closed for traffic on the 18th July following.

The line was incomplete for want of station buildings, &c., and as the engines had to be worked from the junction end, and put up at Sheagaon, the nearest engine station, a very considerable amount of light running had to be paid for. Consequently the working of the line for this period was unsatisfactory, and no fair deduction could be made as to the prospects of the line under favourable circumstances.

The trains commenced running again on the 1st December 1870, and have continued ever since.

2. I propose at first reviewing the results of the working for the whole year 1870, and then for the half-year ending 30th June 1871.

3. The line was open during the year 1870 for 22 weeks and three days.

The total receipts for that period, as returned by the agent of the Great Indian Peninsula Railway Company, and confirmed by the Consulting Engineer's Office, Bombay, amounted to *Rs.* 2,040. 14. 3. from passenger, *Rs.* 8,201. 9. 8. from goods, *Rs.* 49. 13. from electric telegraph, and in addition *Rs.* 420. 3 1. due on account of special train run over the line on the occasion of the opening: Total, *Rs.* 10,712. 8. 10.; being on an average 476 rupees per week, and *Rs.* 59. 4. per mile per week.

The audit of the accounts rests entirely between the Great Indian Peninsula Railway Company and the Consulting Engineer's Office, Bombay, and the results have been always accepted by this Administration as correct.

The total number of passengers carried over the line, as taken from the half-yearly statement of passenger and goods traffic for half-years ending 30th June and 31st December 1870, amounted to 10,521 rupees, or 467·5 rupees per week.

The

The total quantity of goods carried over the line amounted to 311,723 maunds, or 11,411 tons, of which 8,868 tons consisted of cotton from Khamgaon.

For the above quantity of goods and passengers, the Company charged 6,808 train miles, of which 2,290 were for light running between Jhellum and Sheagaon, leaving 4,518 due to traffic.

The length of the line being 7½ miles (or, as I observe, by mileage returns it is calculated at eight miles), this will give 564 trains as having run, each of which carried on an average 18·8 passengers, and 20·2 tons of goods, or allowing that about three-sevenths of the trains consisted of empties to Khamgaon, each loaded train carried about 35·3 tons of goods.

The train service during this year was left to the authorities at Bombay, and apparently trains were run entirely to suit the convenience of the Great Indian Peninsula Railway Company without any regard to the cost to Government.

4. As before stated, the receipts amounted to 10,712 rupees.

We were not furnished with the returns of the classes of passengers, or of goods sent to Khamgaon.

By rough calculation the receipt for passengers is correct, being *Rs.* 2,040. 14. 7., but the goods apparently ought to have yielded a far larger return.

The rates for passengers and goods carried on the line are the same as those in force on the Great Indian Peninsula Railway. As regards terminal charges, it was laid down in May 1870,* that "all terminal charges collected at Khamgaon should be credited to the State Railway, and for goods on which only one terminal is charged, as cotton, Government are entitled to half the terminal charge, less the cartage in Bombay. For instance:—

	Rs.	*a.*	*p.*
Terminal charge for cotton - - - - -	3	15	–
Less for delivery in Bombay - - - -	–	15	–
2)	3	–	–
Share of terminal charge that belongs to Government per ton.	1	8	–"

Of 11,411 tons of goods, 8,868 were cotton, leaving 2,543 tons of mixed goods, which for purpose of calculation may be taken as first class. These latter should have returned as follows, viz.:—

	Rs
2,543 tons, at 10 pies per ton per mile for eight miles	1,059
Terminal charge on ditto at Khamgaon, at 8 pies per maund, or *Rs.* 1. 2. 2. per ton.	2,887
TOTAL - - - *Rs*	3,946

The cotton may be divided as follows:—

Looking at the cotton returns from Khamgaon for last year, I observe that out of 42,798 bales, 37,948 were full pressed, 2,453 half pressed, and 2,397 docres, which, as regards weight, allowing two half-pressed bales or two docres to represent one full-pressed bale, would give the following proportions, viz., $\frac{15}{16}$ of the total weight full-pressed, $\frac{1}{32}$ half-pressed, and $\frac{1}{32}$ docres; 8,868 tons of cotton divided in this proportion would give 8,310 tons full-pressed, 279 tons half-pressed, and 279 tons docres.

The rate it appears for full-pressed cotton per ton, exclusive of terminals charged between Khamgaon and Bombay, is 18 pies per mile, which for eight miles would be 144 pies, or 12 annas. For half-pressed cotton, 28 pies per mile, or *Rs.* 1. 2. 8. per ton for the whole distance. For docres, 34 pies, or *Rs.* 1. 6. 8. per ton.

The return for cotton over the eight miles should therefore, it appears to me, have been as follows:

	Rs.	*a.*	*p.*
8,310 tons full-pressed, at 12 annas - - -	6,232	8	–
279 „ half-pressed, at *Rs.* 1. 2. 8. - - -	325	8	–
279 docres, at *Rs.* 1. 6. 8. - - - - -	395	4	–
Share of terminal charges due to Government, 8,868 tons at *Rs.* 1. 8. - - - -	13,302	–	–
TOTAL - - *Rs.*	20,255	4	–

and our total revenue from goods should have been *Rs.* 3,946 + *Rs.* 20,255, or *Rs.* 24,201 against *Rs.* 8,201. 9. 8. returned by the Great Indian Peninsula authorities. This requires explanation.

It appears to me that they have omitted to credit the State with any terminal charges, which we are clearly entitled to. Deducting the terminal charges as shown above, viz., *Rs.* 2,887 + *Rs.* 13,302, or *Rs.* 16,189, from my total estimate of receipts for goods, viz., *Rs.* 24,201, leaves *Rs.* 8,012, about 2½ per cent. less than the sum returned by the Company,

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* *Vide* enclosure to Consulting Engineer's Memorandum, No. 1692, dated 11 May 1870.

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pany, the difference being no doubt due to the higher rates for mixed goods other than first class.

The total receipts derived from all sources should be as follows:—

	Rs.	a.	p.
Passenger - - - - - - - - -	2,040	14	7
Goods - - - - - - - - - -	24,201	–	–
Electric telegraph - - - - - - -	49	13	–
TOTAL - - - *Rs*	26,291	11	7

amounting to *Rs.* 1,168. 5 per week, and 146·06 rupees per mile per week.

5. As regards the working expenses of the railway originally, it was agreed that we should pay solely a train mileage rate to the Great Indian Peninsula Company; but in modification of this, the Board of Directors in England suggested that we should pay a train mileage rate according to the actual cost to the Company for working their own lines, as shown in the half-yearly revenue accounts, on account of locomotive charges and repairs of carriages and waggons, and a per-centage on gross receipts as shown in same return for coaching and merchandising charges and compensation. This effected a small saving to Government, and the full charges for the year amount to the following:—

	Rs.	a.	p.
UP to 30th JUNE.			
Train-mileage, 5,044 miles, at *Rs* 1. 3. 10. - -	6,252	7	4
Rs. 10. 8. 2. per cent. on *Rs.* 9,254. –. 9. - -	972	10	2
Total - - -	7,225	1	6
UP TO 31st DECEMBER.			
Train-mileage 1,764 miles, at *Rs.* 1. 4. 3. - -	2,232	9	–
Rs. 14. 14. 5. per cent. on *Rs.* 1,458. 8. 1. - -	217	5	4
Total - - -	2,449	14	4
GRAND TOTAL - - *Rs.*	9,674	15	10

This is what has been charged, but in the event of my estimate of receipts proving correct, the charges will be increased by the per-centage on gross receipts, and will probably amount to some 1,500 rupees more, making a total of 11,167 rupees.

The maintenance charges amounted to 10,470 rupees. This was excessive, considering the line was only open for about 5½ months, but was due to the unsettled state of the line, and ought to have been charged to capital.

The total charges, therefore, should amount to 11,175 rupees + 10,470, or 21,645 rupees, against 26,850 rupees due, leaving 5,213 rupees net profit.

This, considering the extra expenses incurred in working and extra charges necessitated for maintenance, is more satisfactory than was anticipated.

HALF-YEAR ENDING 30th JUNE 1871.

6. During the current year at first no special orders were issued to the Company regarding the train service, but from 1st March the Resident authorised two trains daily for the cotton season, but as soon as it was ascertained that any considerable falling-off of traffic took place, the service was reduced to one train per diem.

The half-year consisted of 26 weeks (less one day). The total receipts, as returned by the Company, amounted to *Rs.* 2,486. 13. 1. for passengers, *Rs.* 16,605. 5. 8. for goods, and *Rs.* 66. 11. 11. for electric telegraph, total, *Rs.* 19,158. 10. 8., giving, on an average, *Rs.* 736. 5. per week, or *Rs.* 91. 14. per mile per week.

The number of passengers carried over the line amounted to 11,970, or 460 per week, being a slight falling-off when compared with the average of the previous year.

The goods carried amounted to 534,661 maunds, equal to 19,572·4 tons. I have not yet received the half-yearly return of traffic, so am not aware of what these goods consisted, but for purpose of calculation, 16,000 tons may be taken as cotton, and 3,572 tons as first-class goods.

The train-mileage amounted to 5,886 miles, representing about 734 trains.

This for the same period in another year will probably be reduced by some 1,000 miles; as as far as can be judged, one train per diem will suffice during the months of January and June.

The average load per train during the half-year will have been as follows: viz., number of passengers, 16·4; tons of goods, 26·6; or, allowing for empties in the same proportion as before, each loaded train carried, on an average, 46·6 tons of goods, or about nine small waggon loads.

7. The receipts, as returned by the Great Indian Peninsula Railway Authorities, amount only to 19,158 rupees.

The return for passengers, viz., *Rs.* 2,486. 13. 1. is probably correct, but evidently the same omission has been made on account of goods as was made last year, the amount returned being only 16,605 rupees, whereas the terminal charges alone would amount to as follows:—

	Rs.
16,000 tons of cotton, at *Rs.* 1. 8. - - -	24,000
3,572 „ of mixed goods, *Rs.* 1. 2. 2. - -	4,055
TOTAL - - - *Rs.*	28,055

or 11,400 rupees more than returned as receipts from goods. By similar calculation as for last year, the returns for carriage only of goods amount to 14,029 rupees, or 2,600 rupees less than the amount given by the Company, a difference altogether insufficient to account for the above-mentioned terminal charges. Our total receipts, therefore, from all heads should have been about 47,000 rupees instead of 19,158 rupees, as follows, viz.:—

	Rs.
Receipt for passengers - - - - -	2,487
„ for goods (16,605 + 28,055) - -	44,660
Electric telegraph - - - - - - -	67
TOTAL - - - *Rs.*	47,214

amounting to 1,806 rupees per week, and 227·2 rupees per mile per week.

The working expenses cannot be fully calculated out until we know the working rates of the Great Indian Peninsula for the half-year, but allowing approximately the same rate as last season, they will be as follows:

WORKING EXPENSES.

	Rs.
Train mileage on 5,886 miles, at *Rs.* 1. 4. - -	7,357
15 per cent. on 47,214 rupees - - - -	7,080
TOTAL - - -	14,437
Maintenance charges - - - - - -	5,132
Total expenditure - - - -	19,569
Balance net profit - - - -	27,645
TOTAL - - - *Rs.*	47,214

For the second half-year the net profits will be comparatively very small, or say 6,000 rupees, making a total for the whole year of about 33,200 rupees. Of this sum, 6,000 rupees a year at least should be set aside for renewals, leaving 27,200 rupees clear profit.

The capital expenditure will not be less than 4,85,000 rupees. The return, therefore, should be 5·6 per cent.

OOMRAOTEE RAILWAY.

The line was opened for traffic on the 18th February last, and up to the 30th June was open for 19 weeks (less one day).

The length of line is actually 5½ miles, but, as charged by the Company, six miles.

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The total receipts for that period, as returned by the Company, amount to 11,126 rupees, being 585 rupees per week, and 97·5 per mile per week, composed as follows, viz.:—

	Rs.	*a.*	*p.*
From passengers - - - - - - -	2,268	2	8
„ goods - - - - - - - -	8,821	5	7
„ electric telegraph - - - - -	36	8	7

The total number of passengers carried amounted to 15,002, or 789·6 per week.

The total quantity of goods carried amounted to 369,461 maunds, or 13,525 tons, of which (not having yet the correct return of classification) 11,000 may be put down as cotton, and the rest, or 2,525 tons, as first-class mixed goods.

The train mileage amounted to 2,640 miles, being equal to 440 trains. The load per train, therefore, amounted to 34·1 passengers, and 30·7 tons of goods, or allowing for empties in the same proportion as on the Khamgaon Line, each loaded train carried 53·7 tons, or about 11 small waggon loads.

8. The receipts, as returned by the Great Indian Peninsula Authorities, as before mentioned, amount only to 11,126 rupees.

The return for passengers, viz., 2,268 rupees, is probably correct, but the same omission on account of goods, as pointed out in regard to the Khamgaon Line, has been made on this line.

The returns from carriage of goods, I calculate, should have been 7,059 rupees, as below. By the Cotton return published by the Cotton Commissioner, I observe no docres have been sent from Oomraotee, and the number of full-pressed bales to half-pressed were as 41·8 to 3·1, which, as regards weight, would be as $\frac{27}{28}$ to $\frac{1}{28}$; 11,000 tons of cotton divided in this proportion would be 10,607 tons full-pressed bales, and 393 tons half-pressed.

The receipts, therefore, for carriage only from all goods would be—

	Rs.
2,525 tons of first-class goods at 9½ pies per ton per mile, for 6 miles (being over 400 miles from Bombay) -	749
10,607 tons of full-pressed cotton at 18 pies per ton per mile, for six miles - - - - - - -	5,966
393 tons of half-pressed cotton at 28 pies per ton per mile - - - - - - - -	344
TOTAL - - - *Rs.*	7,059

This is some 1,800 rupees less than shown by the Company, but my estimate is entirely founded on assumption. It is, however, sufficient to show that the terminal charges due, which amount to 19,367 rupees, as below, are not included in their returns.

TERMINAL CHARGES.

	Rs.
11,000 tons of cotton at *Rs.* 1. 8. - - - - -	16,500
2,525 tons of mixed goods, at *Rs.* 1. 2. 2. - - -	2,867
TOTAL - - - *Rs.*	19,367

The total receipts from the line from all sources should have been—

	Rs.
From passengers - - - - - - -	2,268
From goods - - - - - - -	8,821 19,367
From electric telegraph - - - - - -	36
TOTAL - - - *Rs.*	30,492

instead of 11,126 rupees as returned by the Company, and amounting to 1,605 rupees per week, and 267·5 per mile per week.

The

The charge on account of the line may be estimated as follows:—

WORKING EXPENSES.

	Rs.
2,640 miles, at *Rs.* 1. 4. = - - - - - -	3,300
15 per cent. on 30,492 rupees = - - - - - -	4,575
TOTAL - - - *Rs.*	7,875
The maintenance charges will be heavy, the line being newly opened, and will no doubt for the 4½ months be	3,000
Total Expenditure - - *Rs.*	10,875
Balance Net Profit - - *Rs.*	19,617

For the second half year the profits may be put down at 6,000 rupees, making a total of 25,617 rupees. This will be for 45 weeks only, and for a whole year in future the profits may be estimated at not less than 30,000 rupees, of which 5,000 rupees per annum will be required for renewals, leaving 25,000 rupees clear profits.

The capital expenditure will not be less than 4,45,000 rupees, so the return will be 5·6 per cent., or the same as for Khamgaon, and this will be the return for the current year, as no renewals will be required.

9. In commencing this report, my object was to endeavour to draw some conclusions as to how to make these lines pay a fair return for the money invested, but if my conclusions are correct, and all my calculations are based on authority, the lines will pay a very good return; in fact, with more economical working in future, will pay upwards of 6 per cent.

GREAT INDIAN PENINSULA RAILWAY.

KHAMGAON Inward Traffic, 1st July 1870 to 30th June 1871.

DESCRIPTION OF TRAFFIC.	Weight.	Amount.
	Maunds.	*Rs.*
Cotton - - - - - - - -	316	231
Salt - - - - - - - -	23,562	13,882
Firewood - - - - - - -	3,037	710
Opium - - - - - - -	95	175
Piece-goods and twist - - - - -	1,609	4,368
Bagging - - - - - - -	6,466	5,240
Timber - - - - - - -	2,049	1,596
Seeds and grains - - - - - -	15,057	6,546
Cocoanut - - - - - - -	1,037	1,166
Oil - - - - - - - -	192	122
Sugar and jagree - - - - -	2,029	2,223
Commissariat stores - - - - -	1,574	211
Spices - - - - - - -	108	98
Metals and hardware - - - - -	23,432	19,302
Wine, spirits, and beer - - - - -	389	668
Green fruits, and vegetables - - - -	71	44
Dried fruits - - - - - -	1,513	1,691
Country stationery - - - - -	16	18
Fish - - - - - - - -	31	22
Sundries - - - - - - - -	7,010	5,710
TOTAL - - -	89,593	64,023

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OOMRAOTEE Inward and Outward Traffic for Half Year ending 30th June 1871.

DESCRIPTION OF TRAFFIC.	OUTWARD.		INWARD.	
	Weight.	Amount.	Weight.	Amount.
	Mds.	*Rs.*	*Mds.*	*Rs.*
Cotton	235,853	4,23,619	—	—
Salt	611	44	25,869	25,773
Firewood	-	-	3,712	348
Opium	-	-	503	1,305
Piece-goods and twists	56	132	5,937	22,132
Raw silk	-	-	34	141
Bagging	486	471	2,117	1,935
Timber	107	18	3,700	2,483
Seeds and grain	1,294	994	11,220	4,039
Cocoanut	163	89	8,573	11,525
Oil	-	-	489	341
Ghee	126	265	50	116
Sugar and jagree	1,276	894	287	297
Commissariat stores	-	-	6	12
Spices	30	12	1,057	1,588
Metals and hardware	513	421	12,561	13,210
Wine and spirits	-	-	399	813
Green fruits and vegetables	-	-	285	359
Dry fruits	1,015	380	9,059	14,282
Country stationery	-	-	189	386
Stores	-	-	164	57
Coal and coke	-	-	929	618
Tobacco	161	69	—	—
Hides and horns	129	125	—	—
Sundries	9,202	6,410	13,661	12,992
TOTAL	251,022	4,33,943	110,801	1,44,752

STATEMENT of GOODS forwarded from KHAMGAON (STATE) RAILWAY.

Half Year to 31st December 1870.

DESCRIPTION OF GOODS.	Maunds.	Tons.	Cwt.	Amount.
				Rs.
Cotton	13,769	504	1	23,573
Bagging	164	6	0	32
Seeds and Grains	608	22	5	319
Ghee	66	2	8	106
Tobacco	22	0	16	16
Metals and hardware	173	6	7	209
Sundries	807	29	11	513
TOTAL	15,609	571	8	24,768

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STATEMENT of GOODS forwarded from KHAMGAON.

Half Year to 30th June 1871.

DESCRIPTION OF GOODS.	Maunds.	Tons.	Amount.
			Rs.
Cotton	445,379	- -	6,70,225
Bagging	1,180	- -	672
Seeds and grains	5,490	- -	3,927
Ghee	725	- -	912
Metals and hardware	145	- -	37
Timber	31	- -	13
Sugar	198	- -	83
Sundries	1,911	- -	1,008
TOTAL	455,059	- -	6,76,877

BUDGET ESTIMATE of the OOMRAOTEE and KHAMGAON BRANCH RAILWAYS for 1872-73.

	REVENUE RECEIPTS.		REVENUE EXPENSES.		BALANCE.	
	1872-73.	1871-72. Regular Estimate.	1872-73.	1871-72. Regular Estimate.	1872-73	1871-72. Regular Estimate.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Oomraotee Line	25,000	25,000	22,000	14,000	3,000	11,000
Khamgaon Line	25,000	25,000	25,000	25,000	—	—
TOTAL - - - *Rs.*	50,000	50,000	47,000	39,000	3,000	11,000

6.—WURDAH VALLEY (STATE) RAILWAY.

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EXTRACT DESPATCH from Government of India, No. 63, of 19th June 1871.

2. OUR Resolution in the Public Works Department, No. 613, of 3rd April 1871, which is among the papers now transmitted, enters fully into the subject, and will explain to your Grace in what way the existence of the coalfields, the adjacent cotton country, and the surveys for a railway, have been taken into our consideration. The geological investigation of the coalfield, although by no means complete, has been extended far enough to convince us that valuable coal exists at such a distance below the surface as to render it readily accessible. The coal lies in beds of varying thickness, and extends, though not continuously, on both sides of the river Wurda, from the village of Wurora, which is about 45 miles from the Nagpoor branch of the Great Indian Peninsula Railway, to the town of Chanda, which is 70 miles.

3. Extremely rich iron ores are found in abundance on both sides of the river. In the Central Provinces, the well-known Lohara Hill, north-east of Chanda, contains 70 per cent. of metal, while a poorer ore lies on the surface in the immediate neighbourhood of that city. In the heart of the coalfields, in the Berars, are the Yenak and Mularga iron-fields, where the brown hematite, containing 50 to 70 per cent. of iron, was extensively worked during the native rule. Much cotton, which seeks Hingunghât as a market, is grown in the districts on both banks of the Wurda; but there appears to be little, if any, doubt that the greater part comes from the Berars, and is carted across the river to that mart, whence it finds its way to the Wurda Railway station.

4. The map which accompanies this despatch exhibits the sites of the borings for coal, the principal localities of the richer iron ores, and the several lines which have been surveyed by our engineers. To the south of the explored portion of the coalfield lie the territories of his Highness the Nizam; and it will be remarked that the River Wurda, the boundary between the Central Provinces and the Berars, divides the field. We have entertained no doubt that in some way the resources of the Wurda Valley should be made available by the construction of a railway; but the claims of the Berars and of the Central Provinces, and the value of their commerce, have appeared to us to be so equally balanced, and the difference between the estimated cost of a railway, either east or west of the Wurda River, has been shown to be so small, that it is not without hesitation that we have come to a decision as to the line to recommend for a railway.

5. On a full review, however, of all the circumstances of the case, we have decided that, whatever may be its future, it would be a mistake to avoid an existing and well-known cotton mart like Hingunghât, and that, looking to the probable cost of any railway in these parts, the extent of the demand for the coal of the Wurda Valley cannot for some years at least be so great as to justify the outlay of a rupee that can be avoided. The adoption of the shortest possible line which shall serve the interests of both the Central Provinces and the Berars has, therefore, commended itself to us as the proper course, and we have accordingly ordered that a project shall be prepared for submission to Her Majesty's Government, for a narrow gauge railway extending from Wurda or its vicinity, on the Nagpoor branch of the Great Indian Peninsula Railway, through Hingunghât to Wurora, which is, so far as we know at present, the northern limit of the coalfield, and that the line shall be laid out so as to permit of a branch being readily made into the Berar coalfield. Either this branch, or the railway through Wurora may readily be extended to Wove if the cotton and coal traffic justify the extra expense.

EXTRACTS RESOLUTION of the Government of India, dated 3rd April 1871.

1. THE geographical position of the known coalfields of India is such that the importance of the existence of large deposits of good workable coal in the Central Provinces can scarcely be overrated. Comparatively recent examination has determined the great extent of the coal deposits of the Valley of the Wurdah, the river which separates the Central Provinces from the Berars, ascertained to exist on both banks of this river, the deposits have lately been proved as far north as Wurora, in the Central Provinces, or within less than 50 miles of the Nagpoor branch of the Great Indian Peninsula Railway, the locomotives of which, throughout its entire system of 1,286 miles, are at present dependent on imported sea-borne fuel.

2. The districts in, or adjacent to which the coal is found, are rich in other respects. Very fine iron ores are found in the Berars, adjacent to the coal. Centuries ago, under the native rule, this iron was famous, and the slag heaps occasionally contain 30 per cent. of the metal. The eastern portion of the coalfield in the Central Provinces is at no great distance from the Lhara iron mines, 50 miles north-east of Chanda, and 48 miles east of Wurora, the

the most northerly point at which coal has been proved. The ore of these mines is said to be a remarkably rich hematite, containing 67 per cent. of metallic iron, a proportion which contrasts favourably with the Swedish ores, wich seldom contain more than 73 per cent. Turning to agricultural products, there are to the south of Chanda the valuable but inaccessible teak forests of Aheree, the timber of which can only be brought to market by an improved means of communication. Nearer at hand, and situated on a direct line from the nearest point on the Great Indian Peninsula Railway to Wurora, is the cotton mart of Hingunghât, a great proportion of the cotton taken to which is, however, grown on the opposite side of the Wurdah in the Berars.

3. Desiring that this vast mineral wealth shall be utilised, and that the adjacent cotton-producing district shall also be benefited, but more particularly in view of the importance of providing the means by which the demand for coal, existing, it may be said, almost at the pit's mouth, should be supplied, the Government of India decided, in the early part of last year, that measures should be taken to determine the best means of obtaining access to the coal from the Great Indian Peninsula Railway.

* * * *

8. There can be little doubt that the construction of any branch railway in these parts would stimulate the production of cotton, and would be in every way a great benefit to the cotton traders of East Berar and the Central Provinces; but be this as it may, the great assistance to economical working which access to the Wurdah coalfields would afford to the Great Indian Peninsula Railway is of such importance as to warrant the construction of a branch on such a line as will suit all interests, irrespective of territorial limits. The locomotives running on the Nagpoor branch of the Great Indian Peninsula Railway, between Bhosawul and Nagpoor would certainly use the coal of the Wurdah field, and upon the average throughout the year from 60 to 70 tons daily, but no more may be required for some time to come.

* * * *

17. It is very desirable that the boundaries of the coalfield should be completely investigated without loss of time, and that steps should be taken to determine the point at which workings should be commenced, so that by the time the railway is completed, an out-turn of 20,000 or 30,000 tons annually may be obtained.

EXTRACTS NOTE by Chief Engineer, Central Provinces, dated 25th August 1870.

2. * * GENERALLY, the route from the Wurdah station of the Great Indian Peninsula Railway, *viâ* Hingunghât, to Chanda was approved of, and the point of departure from this line was fixed in order that cotton and coal might have as direct a route to Bombay as is consistent with keeping down to the lowest the total mileage of new railway to be constructed.

* * * *

3. * * The expected traffic not being a highly organised one, comprising few passengers, and consisting chiefly of cotton and coal, it was ordered that the road and permanent way be good and substantial, while all elaborate buildings and expensive works should be postponed until the development of the country and its trade made their construction desirable and necessary.

* * * *

22. At the 54th mile from Wurdah on the Chanda main line, near the village of Majree, the first proved bed of good coal is met with. By actual boring, a seam of coal, 50 ft. 8 in. in thickness, is here known to exist. The exact area of this fine bed must be determined hereafter.

EXTRACT SUPPLEMENTARY NOTE by the Chief Engineer.

1. SINCE my Note of the 25th August was written, an important and interesting report has been received regarding a bore-hole now being sunk near Wurrora, in the Chanda district.

Mr. Mark Fryar states, under date from Wurrora, 1st September 1870, as follows:—

> "The bore-hole is now into 12 feet of coal, and not yet through it. There can now, I think, be no doubt of our being in the regular beds found south of Nandooree."

Appendix, No. 12.

On the 2nd instant he writes—

"At the hand-boring, where we have found coal, and which is called No. 3, bore-hole, Wurrora, up to this evening the following section has been passed through:

Coal - - - - - - - -	4½ feet.
Shale - - - - - - -	1 foot.
Coal - - - - - - - -	9 feet.
Sandy shale - - - - - - -	1½ foot.
Sandy coal - - - - - - -	1 foot.
Sandy shale - - - - - - -	1½ foot.

This section commences at 102 feet from the surface."

This is very important and valuable information. The existence of coal at Wurrora was, I am informed, doubted by the Geological Department.

NOTE by the Commissioner of Nagpore, regarding the British Territory and the Towns through which the Chandah Railway will pass.

Two alternative lines of Railway are proposed, namely:—

No. 1.—The Hingunghât and Wurora line, which runs through Hingunghât and Wurora, and which will serve

One-third of the Hoozoor Tehseel - - - - - The whole of the Hingunghât Tehseel - - - -	Wurdah district;
The whole Wurora Tehseel - - - - - - - One-third of the Mhool Tehseel, and all the country east of Chandah - - - - - - - - - - -	Chandah district.

No. 2.—The Pohona and Woon line, which will run southward from Wurdah towards Woon, and which will serve

One-third of the Hoozoor Tehseel - - - - - One-third of the Hingunghât Tehseel - - - - -	Wurdah district;

but which will not serve any part of the Chandah district, unless a branch be led across the Wurdah from Woon *viâ* Googoose into Chandah.

2. Some of the statistics of the country through which line No. 1 passes may be exhibited thus:—

Wurdah District Tract.

Total area - - - - - - -	980 square miles.
Cultivated area - - - - - -	359,000 acres.
Estimated gross value and weight of yearly produce - - - - - - -	29,40,000 rupees. 860,000 maunds.
Population - - - - - - - -	134,000 souls.
Area under cotton - - - - - - -	84,000 acres.

Chandah District Tract.

Total area - - - - - - -	6,500 square miles.
Cultivated area - - - - - -	427,000 acres.
Estimated gross value and weight of yearly produce - - - - - - -	32,26,000 rupees. 1,135,000 maunds.
Population - - - - - - - -	375,000 souls.
Area under cotton - - - - - -	39,169 acres.

3. There are no statistics showing precisely the whole trade of these tracts, but if we take the Wurdah and Chandah tracts together we can offer reliable statistics of the trade of three towns, viz.:—

	Population.	Exports and Imports for 1868–69.	
		Weight in Maunds.	Value in Rupees.
Chandah - - - - - - - -	18,706	433,000	28,23,000
Hingunghât - - - - - - -	8,361	288,001	43,46,794
Wurora - - - - - - - -	4,500	49,000	2,70,000

4. We

Appendix, No. 12.

4. We know that the population of the railway tract (508,000 souls, at the rate of one maund of salt to 10 persons) will consume yearly more than 50,000 maunds of salt, every ounce of which would come* from Bombay *viâ* the Great Indian Peninsula and Chandah Railways.

5. It is estimated that at least 15,000 maunds (Major Lucie Smith put it at 25,000 maunds, but I prefer the lower figure) of Chandah iron is exported annually into Wurdah and Berar

6. From 15,000 to 20,000 cart-loads of forest produce (timber, firewood, bamboos, mats, gums, horns,) annually cross the Chandah border towards Wurdah and Berar. At 7 maunds per cart, this gives a trade of at least 105,000 maunds a year.

7. A large fair is held every year at Chandah, and another at Bhanduk; each of these places is on the railway. The statistics of goods brought to these fairs in 1868–69 are,

Bhanduk fair - - - - -	2,33,405 rupees worth of property.	
Chandah fair - - - - -	16,49,806 „ „ „	

8. If we add together all these branches of trade of which we really have some statistics, or can form a reliable estimate, then we get a total thus:—

	Maunds.	Value in Rupees.
Urban trade - - - - - - -	770,001	74,39,794
Salt trade - - - - - - -	50,000	2,50,000
Forest produce trade - - - -	105,000	3,15,000
Country iron trade - - - - - -	15,000	75,000
Goods brought to two fairs (estimated weight) - - - - - -	376,642	18,83,211
Total - - -	1,316,643	99,63,005

These totals take no account of the movement of agricultural produce, of country and English piece goods, or of hardware for the supply of the rural districts.

9. The alternative line *viâ* Pohona and Woon, will not go near a single town with a population of 5,000 souls; it will leave the cotton mart of Hingunghât nine miles on its east; and it will depart entirely from the existing traffic routes of the country. It will serve in the Wurdah district tract—

Total area - - - - - - -	490 square miles.
Cultivated area - - - - - -	160,000 acres.
Population - - - - - - -	64,000 souls.
Area under cotton - - - - - -	40,000 acres.

10. The state of the case, as between the two alternative lines, seems just to be this: the Chândah Railway is being undertaken primarily to serve the Wurdah River coalfields. The line will pass over coal beds, which, for all practical purposes, are inexhaustible, whether it takes the right bank or the left bank of the Wurdah. If Berar and the Nagpore country be both regarded as British territories, then the railway should undoubtedly† take the bank of the river where it will find most trade. There cannot be much doubt but that Hingunghât is, and has been for years, the commercial centre of the lower Wurdah Valley; it attracts to itself all the exportable cotton of this tract, and it supplies the people with piece goods, hardware, salt, and other foreign commodities. If a railway went to Chandah *viâ* Hingunghât and Wurora, it would find all the Woon (Berar) and Chandah traffic ready to meet it on this very route. The trade would take to the railway at once.

11. If on the other hand the railway were taken down the right bank of the Wurdah, the traffic of the Woon country would doubtless soon gravitate to the new trade route. But much of the Chandah and Wurora trade could not take the Woon line, and none of the Hingunghât traffic would come upon the Chandah Railway at all. One of two things would happen, either the Government would be driven to make branch lines to Hingunghât and to Chandah, or else the trade of these places would permanently decline, and the trade of the Wurdah Valley would have to take a new direction. One can hardly doubt but that the former alternative would be adopted.

12. If Berar and Chandah were both British territory, and stood precisely on the same footing, then there could hardly be a doubt but that the Government would decide to lay the Chandah Railway on the left bank of the Wurdah. The line is the straightest between the points (Wurdah railway station on the Great Indian Peninsular Railway and Chandah City), and moreover, it passes through the only marts of the lower Wurdah Valley, and it takes the existing traffic route. But as matters stand, Berar and Chandah are not on precisely

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* If the Godavery navigation were complete then much of this country would get salt from the east coast.

† Public Works Circular of 1870, regarding the alignment of new lines of railway.

cisely the same footing; Berar has separate revenues, and is not British territory. The right bank of the Wurdah line might, so far as it runs through Berar, be paid for from the Berar surplus; while the left bank line will have to be a charge on the Imperial (Indian) Treasury. Perhaps the Chandah line may be held to have a countervailing advantage in that it will run through British territory; whereas there is always a doubt (no one can say what is the value of the doubt; but the outcome of the Mysore discussion compels us to admit the existence of such a doubt) how long Berar will be administered by the British Government. But, even if this consideration be put aside, there still remains the question whether the Indian Treasury would not lose more than it gained by letting the Chandah railway go partly through Berar. Thus:

The line to Chandah *viâ* Hingunghât, taking the Majree and Telwassa coalfields *en route*, will be	82·5 miles long.
The line to Chandah *viâ* Woon will be, in British territory, railway station, Wurdah, to the Wurdah river crossing	36 miles.
Branch from opposite Googoose to Chandah	15 „
Branch from Alipore to Hingunghât	9 „
In Berar, from the Wurdah river to a point opposite Googoose	38 „

Thus if we reckon the two obligatory branches, we shall have 82·5 miles paid from the Indian Treasury according to the left bank scheme; and 60 miles, according to the right bank scheme. While, if the right bank scheme were taken, all the Chandah and Hingunghât traffic would have to pay for 30 per cent. mileage over and above what it would have to pay if it were carried down the left bank.

13. It may possibly be a mistake to think that Berar revenues would ever be made to pay for a portion of an imperial undertaking (such as a railway to the coal sources for Central and Western India), just because a portion of the line ran through Berar territory. For there was never any talk of Berar revenues paying part of the guaranteed interest or the capital for the Great Indian Peninsular Railway, which has had so enormous a share in civilising and enriching the Berar country. But even if Berar paid for the length of line within its own limits, it would still be the best economy for British India that the Chandah railway should be taken down the left bank of the Wurdah, and that Berar should be left to pay for any branches it might require, either from Wuroro to Woon (about 12 miles), or from Telwassa to Woon (about 8 miles).

10 August 1870. *C. Bernard*, Commissioner.

EXTRACTS LETTER from Major *Mayne*, R.E., Officiating Secretary to the Resident at *Hyderabad*, to the Secretary to the Government of India; dated 19th September 1870.

6. * * As far as can be estimated from the surveys yet carried on, about five-sixths of the estimated quantity of coal in the Wurdah coalfields is found in the Berars, in addition to which (*vide* conclusion of Report) vast beds of iron ores of most excellent quality have been proved to exist, extending for about 10 miles alongside of the coal. This iron was known to exist, and, in fact, had been worked many centuries ago, the Yenâh iron being noted in Western India. More than 20 years ago, Mr Mulheran, of the Topographical Survey, reported both Yeotmal and Oomraotee as peculiarly rich in iron deposits, and added that Yeotmal alone had iron sufficient to supply all the railways in India.

These ores, no doubt, ceased to be worked on account of scarcity of fuel, and the difficulty of transport, Europe iron supplying the market for general purposes at a cheaper rate; but now, with the coal alongside, and the facilities of railway communication, the value of these ores may truly be said to be incalculable.

By official assays, different specimens have been proved to possess from 53 to 68·5 per cent. of iron.

7. In addition to all this coal and iron, it has undoubtedly been proved that most of the cotton carried to Hingunghât passes through, or grows in these very districts. The Yedlabad district, in the Nizam's country, just to the south of Woon below the Pynegunga, is one of the finest cotton, producing countries in India, and sends most of its cotton through Woon, either to Hingunghât, or up to the Great Indian Peninsula Railway.

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11. The survey now submitted, for reasons explained in Mr. Steell's Report on estimate, was carried to Boree to join on to the survey carried out by the Central Provinces Government, as time would not permit further work, otherwise it would have been carried a few miles more west, down to a place marked on the Trigonometrical Maps, Pisgaon, where a bore-hole has been commenced, and a seam of good coal, struck at 77 feet from surface, pierced 30 feet, but not gone through, and said to be of better quality than "any yet found." This is the most northern point where good coal has yet been proved to exist, but it is anticipated that it will, on further search, be found yet more northward.

EXTRACTS of NOTES by Mr. *Hughes*, Assistant in the Geological Survey, dated 1st July 1870.

Area.—The total area of the field exceeds 1,000 square miles, but my season's work does not embrace more than 560. I had to devote considerable attention to the task of *exactly* defining the boundary between the true coal-bearing strata and the unproductive beds above them, and thus a lesser area was surveyed than might otherwise have been the case.

* * * * * *

ESTIMATE OF COAL.

Berar Estimate.—It is only on the Berar side of the Wurdah that an estimate of the total amount of coal and shale can be made. The borings show that coal occurs over almost the entire area of the field. The only subtractions that have to be made from the entire area are the 8 square miles occupied by the Talchirs, the 10 square miles occupied by the Barakars, and a few miles for the overlapping of the Kamthis, say 10 square miles; a total of 28 square miles.

The area of the field is 149 square miles. The average thickness of the coal is 40 feet; the total amount of coal, therefore, is 149 28 by 40 by 1,000,000, equal to the entire amount of coal in tons, viz., 4,840,000,000. Dr. Oldham's estimate has reference solely to the amount which may be considered *economically accessible* (according to present system of working in India, and according to present received notions as regards workable depths). Of course it falls far short of the total amount of coal, being only 480 millions of tons.[*]

Chandah Estimate.—An estimate of the amount of coal in the Chandah district is necessarily imperfect. But, if we confine the estimate to the area explored in the vicinity of the Wurdah, we can arrive at a pretty accurable result.

The greatest store of coal in the Chandah district is probably in the direction of its eastern boundary, but no borings have yet been put down to prove the existence of the coal, and at what depth at a given distance from the boundary coal is to be met with.

I am told by Mr. Fryar that the dip holds steadily east, and at a minimum angle of 14°. This high angle of dip is disadvantageous, for, at a given distance from the out-crop, the seams will sink much deeper below the surface than if the angle of inclination was less.

The out-crop of the seams, east of Chandah, would, if they were not overlapped by the Kamthis, be exposed on the Muhl Road, about half a mile west of the Jarpat Nodi. If this be so, a calculation will show that, at the distance of a mile east of the out-crop, with a dip of 14, the depth to which the coal will have sunk will be 1,300 feet; at two miles, 2,700 feet; at three miles, 4,000 feet.

There are no Barakars visible along the eastern boundary, nor are there any east of those which crop up near the town of Chandah. Had there been, we might have inferred that the beds formed a kind of bow, and that the coal would nowhere be very deep.

Should the coal occur east of Chandah, it ought to be won by pits sunk within a reasonable distance of the out-crop.

In the vicinity of the Wurdah there are two coal-boring circuits, that of Ghugus and that of Majri.

Ghugus.—The Ghugus area is about 2 75 square miles, allowing 40 feet of coal, this gives 110,000,000 tons.

Majri.—The boundaries of this area are the Siruadi, the Trunk road between Nagpoor and Chandah, the River Wurdah, and a line about three miles north of Warora, joining Mukta and Chunira. Within these limits the coal probably occupies 22 square miles. Again, allowing 40 feet, this gives 880,000,000 tons.

In this estimate of 22 square miles, I have allowed for the area covered by trap. The coal may possibly occur rather deep down, or may have been denuded. But I think the probability is, that it occupies the area which I have assumed.

Estimates of available amount of coal differ so much in the bases upon which they are calculated, that they are seldom thoroughly reliable. If the total quantity of coal exceeds 200,000,000 to 300,000,000 tons, and if the dips be not too high, no estimate is required to show how many tons are available.

Conclusion.—From the foregoing facts regarding the coal and iron of the Wurdah field, it will be seen that the Woon portion of it is specially favoured.

A large quantity of iron ores exists, and there is a vast reservoir of coal to utilise it in close proximity.

Side by side with the fuel, iron ore extends continuously, or almost continuously, from the Peimgunga to Sirpur, a length of 10 miles.

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[*] At the present rate of consumption of coal in England this amount (480,000,000 tons) would be exhausted in four years and a half.

At the present rate of consumption of India coal, viz., 600,000 tons per annum, the Berar field would last for 800 years.

Appendix, No. 12.

DEMI-OFFICIAL LETTER from Major *W. Nembhard* to Major *Mayne*, dated 20 July 1870.

As requested in your demi-official of the 30th May last, enclosing extract of a note from Williams, I now send a long letter from your brother, with appendices, showing the amount of cotton exported from East Berar to Hingunghât.

The local (Woon) bogah = 120 seers.

The Hingunghât do. = 165 „

Your brother shows fair reason for doubting the Assistant Cotton Commissioner's conclusions.

In the first place, none of the Darwar cotton crosses the Wurdah; and why should it? when Oomraotee, Budnaira, Damuch, and Karinjah are close by.

Secondly, Mr. Nago Rao could scarcely take it upon himself to doubt the figures of the revenue officers at the last Jummabundee. That Jummabundee showed that in the Woon and Yeotmal Talooks we had 65,473 acres under cotton. Now we all know that the Revenue Survey invariably proves that there is a vast amount of surreptitious cultivation. Take any of the Settlement Reports, Mintazapoor for instance, which have gone into the Resident, and you will find that if we make the 65,473 into 100,000 acres, we should be even then probably under the mark. However, your brother adopts his actual acreage as the basis of his estimate, and as in Woon there are two crops, "Juree" and "Bunnee," he allows 80 lbs. of cleaned cotton per acre, which is under rather than over the mark, considering that about 60 lbs. is the out-turn of cleaned cotton per acre of single crop; even the Assistant Cotton Commissioner allows 95 lbs. per acre.

After deducting 435 bojahs consumed at home in the two talooks, he finds that 15,297 bojahs of 120 seers each = 11,125 Hingunghât bojahs of 165 seers each were exported *across the Wurdah.* In addition to the above, about 12,000 bojahs of 120 seers each from the Nizam's dominions pass up *viâ* Woon Talook to Hingunghât, so that about *two-thirds* of the cotton in the Hingunghât market goes from this side the Wurdah River, and this confirms my former statements that almost seven-tenths was the proportion; and this again confirms Dr. Oldham, and also confirms the information supplied him by Mr. Curwen, of the Hingunghât firm of Warwick & Co.

EXTRACT of LETTER from Major *C. T. O. Mayne*, Deputy Commissioner of Woon District, to Commissioner of *East Berar;* dated 16th July 1870.

14. * * As from Mr. Carnac's Cotton Report for the past season, the following are the exports from the Wurdah Station during the past season:—

Full-pressed Bales.	Half-pressed.	Dokras.
9,856	10,769	25

Assuming a full-pressed bale to be 360 seers, a half-pressed one 200 seers, and a dokra 60 seers, which I believe is correct, the exports from the Wurdah Station for the past year were 34,566 bojahs of 165 seers each, which would give nearly 20,000 bojahs from places near the Wurdah Station *other* than Hingunghât, the largest mart, if we accept Mr. Nobbs's figures of 15,400 bojahs as the past season's income there as correct.

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18. The basis on which my calculations are founded are the *actual acreage* under the cotton cultivation as accurately ascertained at the last Jummabundee. To make every possible allowance for a bad season, which I suppose the Assistant Cotton Commissioner took into consideration when he allowed the amount of 95 lbs. of cleaned cotton per acre, I have only assessed 80 lbs., or one maund of 40 seers per acre; from these results an ample deduction has been made for consumption in the district. The balance must therefore have been exported, and although there may be some difficulty in arriving at the *exact amount* of exports, yet there is no doubt whatever as to *where* the exports go to. A very little inquiry will satisfy any one in this point, as it is a matter of public notoriety.

19. These results have been again tested by the trade statistics of the district, and the results are found to be very nearly the same as those arrived at from the cultivation statistics; and these trade statistics, kept by carcoons on the border employed for the purpose, corroborate my estimate of the amount of cotton sent through the Woon Talook across the Wurdah River from the Edlabad Mogullai.

20. The Woon bojah is only 120 seers, or three maunds; and the Hingunghât bojah is 165 seers. In the accompanying returns both rates are shown.

21. I have assumed that only half the produce of the Yeotmal Talook is exported across the Wurdah river, and this is *under* rather than *over* the mark. *None* goes from the Dharwa

Dharwa Talook, and the *whole* of that produced in the Woon Talook is exported in that direction.

* * * * *

23. The exports of last year across the Wurdah river were as follows:—

	Bojahs of 120 Seers.	Bojahs of 165 Seers.
Woon Talook - - - - - - - - - - -	9,205	6,695
Yeotmal Talook - - - - - - - - - - -	6,092	4,430
Edlabad Mogullai, through Woon Talook - - - -	12,000	8,727
Total - - -	27,297	19,852

or about one-half of the amount despatched from the Wurdah and Poolgaon stations.

24. If a railway is made through this district from Damungaon or Chandoor to Woon, probably about one quarter of the Dharwa produce will find its way to it.

25. From the *Woon* Talook and *Mogullai* 21,205 bojahs of 120 seers, or 15,422 bojahs of 165 seers, are exported to *Hingunghât*, being about two-thirds of the income there.

26. The actual land under cotton cultivation is without doubt much greater than the acreage given, because on fields being properly measured by the Revenue Survey, they are invariably several acres above the supposed area. This would make the quantity of cotton grown and exported larger than that given in this report.

27. The grain statistics I do not certify to be absolutely correct. They are framed on the trade statistics of the district and other inquiry, and probably are not more than 15 per cent. wrong either way, a little more or a little less. They are nearly correct enough to give a good idea of the exports crossing the Wurdah.

GRAIN.

TALOOKS.	Description of Grain.	Total Produce of the District in Maunds of 80 lbs.	Consumed in District.		Exported out of the District.		From Total Exported.			
							Exported across the Wurdah River.		Exported elsewhere	
			Maunds.	Value.	Maunds.	Value.	Maunds	Value.	Maunds.	Valu
				Rs.		*Rs.*		*Rs*		*Rs.*
Yeotmal - -	Jowaree - - -	144,000	96,090	1,20,000	48,000	60,000	36,000	45,000	12,000	15,000
	Tillee - - -	8,000	1,600	6,000	6,400	24,000	4,800	18,000	1,600	6,000
	Thoor - - -	1,600	1,280	3,200	320	800	240	600	80	200
	Wheat - - -	64,000	64,000	3,20,000	—	—	—	—	—	—
	Gram - - -	8,000	8,000	40,000	—	—	—	—	—	—
	Ulsee - - -	16,000	9,600	36,000	6,400	24,000	4,800	18,000	1,600	6,000
	Hemp - - -	3,200	1,600	3,000	1,600	3,000	1,200	2,250	400	750
	Oil - - - -	3,200	3,200	20,000	—	—	—	—	—	—
	Ghee - - -	800	690	6,400	160	1,600	120	1,200	40	400
	TOTAL Yeotmal Talook	248,800	185,920	5,54,600	62,880	1,13,400	47,160	85,050	15,720	28,350
Woon - -	Jowaree - - -	117,758	87,758	1,75,516	30,000	60,000	30,000	60,000	—	—
	Tillee - - -	4,389	489	1,833	3,900	14,625	3,900	14,625	—	—
	Thoor - - -	824	500	1,625	324	1,053	324	1,053	—	—
	Wheat - - -	5,644	2,822	11,288	2,822	11,288	2,822	11,288	—	—
	Gram - - -	967	600	2,400	367	1,468	367	1,468	—	—
	Ulsee - - -	20,478	10,239	27,305	10,239	27,305	10,239	27,305	—	—
	Hemp - - -	125	125	812	—	—	—	—	—	—
	Oil - - - -	6,400	3,200	20,000	3,200	20,000	3,200	20,000	—	—
	Ghee - - -	1,200	960	9,600	240	2,400	240	2,400	—	—
	TOTAL Woon Talook -	157,785	106,693	2,50,379	51,092	1,38,139	51,092	1,38,139	—	—

GRAIN—*continued.*

TALOOKS	Description of Grain.	Total Produce of the District in Maunds of 80 lbs.	Consumed in District.		Exported out of the District.		From Total Exported.			
							Exported across the Wurdah River.		Exported elsewhere.	
			Maunds.	Value.	Maunds.	Value.	Maunds.	Value.	Maunds.	Value.
				Rs		*Rs*		*Rs*		*Rs.*
Darwa - -	Jowaree - - -	160,000	112,800	1,41,000	47,200	59,000	- -	- -	47,200	59,000
	Tillee - - -	16,000	8,000	30,000	8,000	30,000	- -	- -	8,000	30,000
	Thoor - - -	32,000	16,000	4,000	16,000	4,000	- -	- -	16,000	4,000
	Wheat - - -	64,000	64,000	3,20,000	—	—	—	—	—	—
	Gram - - -	8,000	8,000	40,000	—	—	—	—	—	—
	Ulsee - - -	8,000	4,000	15,000	4,000	15,000	- -	- -	4,000	15,000
	Hemp - - -	160	160	300	—	—	—	—	—	—
	Oil - - -	6,400	3,200	20,000	3,200	20,000	- -	- -	3,200	20,000
	Ghee - - -	1,600	1,280	12,800	320	3,200	- -	- -	320	3,200
	TOTAL Darwa Talook	296,160	217,440	5,83,100	78,720	1,31,200	- -	- -	78,720	1,31,200
	GRAND TOTAL -	702,745	510,053	13,88,079	192,692	3,82,739	98,252	2,23,189	94,440	1,59,550

The total quantity of grain of all kinds exported from the Woon District across the Wurdah River is 98,252 maunds, value 2,23,189 rupees. Besides the above, a quantity of grain is exported from his Highness the Nazim's country through the Woon District across the Wurdah River

Deputy Commissioner's Office, Yeotmal,
July 1870

C. T. O. Mayne,
Deputy Commissioner, Woon District.

COTTON.

TALOOKS.	Total Number of Acres in which Cotton was Sown during 1869–70.	Total Produce in Maunds of 80 lbs. each, allowing One Maund of Cleaned Cotton produced per Acre.	Conversion of Maunds into Bojahs at Three Maunds per Bojah.	Total Exported out of District.		Consumed in Districts.		Of the Exports, Total Quantity Exported across Wurdah River.		Exported elsewhere.		Woon District Bojahs converted into Hingunghât Bojahs of 165 seers each, the Bojahs in column 9 being 120 seers each.
				Bojahs.	Value.	Bojahs.	Value.	Bojahs.	Value.	Bojahs.	Value.	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
					Rs.		*Rs.*		*Rs.*		*Rs.*	
Yeotmal - -	37,296	37,226	12,432	12,184	10,96,560	248	22,320	6,092	5,48,280	6,092	5,48,280	4,430
Woon - -	28,177	28,177	9,392	9,205	7,82,425	187	15,895	9,205	7,82,425	—	- -	6,695
Darwa - -	59,070	59,070	19,690	19,297	14,08,681	393	29,689	—	- -	19,297	14,08,681	—
TOTAL - -	124,543	124,473	41,514	40,686	32,87,666	828	67,904	15,297	13,30,705	25,389	19,56,961	11,125

	Mds.
N.B.—Total Cotton exported from Woon District across the Wurdah River - - - - - - -	15,297
Exported through the Woon District from his Highness the Nizam's territory, viz., Yedlabad, Rajur, and Manikgur Talooks - - - - - - - - - - - - - - -	12,000
TOTAL - - -	27,297

Deputy Commissioner's Office, Yeotmal,
July 1870.

C. T. O. Mayne,
Deputy Commissioner, Woon District.

Appendix, No 12.

Extract of **Letter** from Colonel *M. K. Kennedy*, R.E., Secretary to the Government of Bombay, in the Public Works Department, Railway Branch, to Secretary to the Government of India, Public Works Department; dated 7 December 1870.

I am directed to transmit, for the information of the Government of India, a copy of a Table prepared by the consulting engineer, of the comparative saving to be effected by use of Mopani and Chandah coal on the Great Indian Peninsula Railway.

2. It will be observed from this Table that the construction of a railway to the Chandah coal-fields is of far more importance to the Great Indian Peninsula Railway Company than the construction of the branch to Mopani, and that the loss to them at the present price of coal in Bombay, from inability to utilise the Chandah fields, is close on nine lakhs per annum.

Statement showing the comparative Cost of Working the Great Indian Peninsula Railway with English, Mopani, and Chandah Coal.

(Cost of carriage, 4 pies per ton per mile.)

DEPOTS.	Quantity.	English Coal (25 Rupees per Ton)			Mopani Coal (*Rs* 13 8 per 1½ Ton)			Chandah Coal (6 Rupees per 1½ Ton).		
		Distance carried.	Price at Depôt	Total Price.	Distance carried.	Price at Depôt.	Total Price	Distance carried.	Price at Depôt.	Total Price.
	Tons.		*Rs.* *a.*	*Rs*		*Rs* *a.*	*Rs*		*Rs.* *a.*	*Rs.*
Byculla - - -	15,000	- -	25 –	3,75,000	565	31 3	4,67,812	537	22 12	3,41,250
Kurjut - - -	3,000	62	26 5	78,938	563	31 1	93,188	535	22 11	68,062
Lanowlee - - -	7,000	113	27 6	1,91,625	613	32 10	2,28,375	586	24 5	1,70,187
Decksal - - -	5,000	217	29 8	1,47,500	717	35 15	1,79,688	690	27 9	1,37,812
Goolburga - -	3,000	387	33 1	99,188	887	41 4	1,23,750	860	32 14	98,625
Egutpoora - -	12,000	105	27 3	3,26,250	463	27 15	3,35,250	435	19 9	2,34,750
Nandgaum - -	5,000	198	29 2	1,45,625	370	25 1	1,25,312	342	16 11	83,437
Bhosawul - -	12,000	296	31 3	3,74,250	271	21 15	2,63,250	244	13 10	1,63,500
Sheagaum - -	2,000	360	32 8	65,000	334	23 15	47,875	180	11 10	23,250
Budnaira - - -	3,000	431	34 –	1,02,000	406	26 3	78,562	108	9 6	28,125
Nagpoor - - -	1,000	540	36 4	36,250	515	29 9	29,562	100	9 2	9,125
Khundwa - -	3,000	372	32 12	98,250	195	19 9	58,687	320	16 –	48,000
Hurdah - - -	4,000	436	34 1	1,36,250	131	17 8	70.000	384	18 –	72,000
Sohagpoor - -	3,000	513	35 11	1,07,062	54	15 3	45,562	463	20 6	61,125
Jubbulpoor - -	6,000	635	38 4	2,29,500	92	16 6	98,250	584	24 4	1,45,500
Total - -	84,000	—	—	25,12,688	—	—	22,45,123	—	—	16,84,748

N B—Extra distance for Thull Ghât, 20 miles
" " for Bhore Ghât, 34 "

Mopani, distance from Gurrawarra, 12 miles
Chanda " to Wurdah, 50 "

Note.—From the foregoing Table it would appear that, as long as the selling price of English coal is 25 rupees per ton loaded into trucks at Bombay, the company will save about 4,77,000 rupees per annum by having access to Mopani coal If they had access to both Chandah and Mopani coal, their saving would be 9,00,000 rupees; if to Chandah, without Mopani, 8,28,000 rupees Mopani coal, till completion of branch, is delivered at Gurrawarra by cart for 2½ rupees per ton, or 2¼ rupees more than it will cost on completion of branch Allowing for the increased quantity required of Mopani coal in comparison to English coal, the loss to company by non-completion of branch is about 1,31,600 rupees per annum But this is on the assumption that the Mopani Company can supply 58,500 tons per annum. They, however, cannot as yet furnish more than 1,200 to 1,500 tons per mensem, or say 20,000 tons per annum. On this quantity the annual loss will be 45,000 rupees per annum.

J. S. Trevor, Lieutenant Colonel, R E,
Consulting Engineer for Railways.

Bombay, 1 December 1870

Extract Letter from Dr. *Oldham*, dated 15th May 1871.

9. There are only two well-marked localities for iron on the Berar side of the Wurdah, in immediate contiguity to the coal. One at Yenak yields ore, containing by assay 68·5 per cent. of iron, and near Mulargao Hill there are veins of fine brown hematite, yielding on the average of four assays some 56 per cent. of iron That these ores have been in former times largely used, is proved by the abundance of slag, much of which itself yields more than 30 per cent. of iron. In many places among the rocks extending north, and also east from Chanda, beds can be found yielding 20 per cent. of iron, but these would only yield ores that could be mixed with others; alone they would be useless.

10. The great source from which the native smelters in that part of the country draw their supplies of ore is the enormous deposits of specular iron, which forms almost the entire hill of Lohara, in the north-east of Chanda, as marked. This is nearly one mass of ore, yielding about 70 per cent. of iron, extending for about two miles in length.

Appendix, No. 12.

EXTRACT RAILWAY DESPATCH from the Government of India, No. 138, of 6 December 1871.

1. WE have the honour to acknowledge the receipt of your Grace's Despatch, No. 69, dated 30th August 1871, stating that you would defer making any observations on the schemes for the projected line of railway from the Nagpoor branch of the Great Indian Peninsula Railway, into the coal and iron fields and cotton districts in the neighbourhood of the Wurdah Valley, until the further communication on the subject which we proposed to make had been received. We now beg to address your Grace more fully on the matter, and explain the views which further consideration of the information that has been collected has induced us to hold.

2. It will be recollected that the main inducement for the construction of this line is not the direct profit to be expected from the traffic which will pass over it, but the indirect profit in reducing the cost of coal on the Great Indian Peninsula Railway. This affects chiefly the Nagpoor branch, though it will affect more or less the whole of the northern portion of that railway above the ghâts. At Egutpoora, for instance, allowing the ghât to reckon as 20 miles of extra carriage, the English coal would require conveyance 105 miles from Bombay, and at Nundgaum, the next changing station, 198 miles. Allowing ½ *d.* per mile, these distances would give 4 *s.* 4½ *d.* and 8 *s.* 3 *d.* per ton respectively, in addition to the price of coal at Bombay. Allowing only 2 *l.* as the price of English coal per ton at Bombay, it would stand at those places at 2 *l.* 4 *s.* 4½ *d.* and 2 *l.* 8 *s.* 3 *d.* respectively. The equivalent cost of country coal at two-thirds the value for steam would be 1 *l.* 9 *s.* 7 *d.* and 1 *l.* 12 *s.* 2 *d.* Now the Wurdah Valley coal carried 50 miles over the proposed branch line, and from Wurdah on the Great Indian Peninsula Railway, would reach Egutpoora and Nundgaum with a lead of 436 and 343 miles respeetively, giving at the above rates conveyance charges of 18 *s.* 2 *d.* and 14 *s.* 3½ *d.* Adding the probable price of delivery on the trucks, at pits' mouth 10 *s.*, the charge for the Wurdah Valley coal at these places would be 1 *l.* 8 *s.* 2 *d.* and 1 *l.* 4 *s.* 3½ *d.* respectively per ton. The Wurdah Valley coal would thus meet the English coal at Egutpoora on equal terms, and at Nundgaum at a considerable advantage. The same would be the case with the Mopani coal, except that the distance, 12 miles on the Mopani branch, and from Gurrawarra, on the Great Indian Peninsula Railway, to the two stations named, would be 463 and 378 miles respectively, giving the Wurdah coal the advantage by 27 miles, or 1 *s.* 1½ *d.* in both cases, supposing the Mopani coal to be supplied also at 10 *s.* on truck at pits' mouth.

3. As regards Nundgaum and Bhosuwul, therefore, the opening of the branch railway now in contemplation would give a saving on these calculations of 1 *s.* 1½ *d.* per ton; and as it appears from the Table attached at the end, to our Proceedings of April 1871, which formed one of the enclosures to our former Despatch, that 17,000 tons of English, equal to 25,500 tons of country coal, are consumed by engines coaling at these stations, this saving will be 1,434 *l.* annually on the whole.

4. Again, as regards the changing stations on the Nagpoor Branch, we have the distances as follows:

Coal to be Consumed.		Distance from Wurdah.	Distance from Mopani.	Difference.
3,000	Sheagaum - - - - - - -	181	334	153
4,500	Budneira - - - - - - - -	109	406	297
1,500	Nagpoor - - - - - - - -	99	515	416

giving in the first case 6 *s.* 4½ *d.*, in the second 12 *s.* 4½ *d.*, and in the last 17 *s.* 4 *d.* per ton of saving. On the quantities of coal above indicated, therefore, the saving would be—

	£.	s.	d.
At Sheagaum - - - - - - - - -	956	5	–
„ Budneira - - - - - - - - -	2,784	7	6
„ Nagpoor - - - - - - - - -	1,300	–	–
Total at these three stations - -	5,040	12	6
Add; saving at Nundgaum and Bhosawul - -	1,434	–	–
Total direct Saving - £.	6,474	12	6

5. But besides this direct saving, there is the command this competition of the Wurdah Valley coal will give over the price of the Mopani coal. It will be observed that in the Table we have referred to, the Mopani coal is calculated at 18 *s.* per ton on the trucks, while

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while we have above taken taken it at 10 *s.* only. The difference may fairly be taken as the effect of this command of prices, which at 8 *s.* per ton, affecting a consumption of 25,000 tons, will amount to 10,000 *l.*

6. This gives the whole saving in coal at about 16,500 *l.* per annum, taking the price of English coal at Bombay at 2 *l.* per ton. In the Table we have before referred to, it will be seen that the Bombay Government estimate it at:

	£.
Access to both Wurda and Mopani coal - - -	90,000
„ to Mopani only - - - - - -	47,700
Difference due to the Wurda coal branch - - -	£. 42,300

But this is taking English coal at 2 *l.* 10 *s.* per ton in Bombay.

7. The above calculations, however, both presume that there is no break of gauge between the coal pits and the Great Indian Peninsula Railway. If the coal line were made on the narrow gauge, as at first contemplated, something must be allowed for this. We think the following would be fair to allow per ton:—

	£.	s.	d.
Actual shifting, with proper appliances - - - - - - - -	–	–	4
Deterioration, at 3 per cent. on a price of 1 *l.* per ton - - - - -	–	–	7
Extra expense of working a separate short line - - - - -	–	–	4
Total - - -	£.–	1	3

This would have to be taken on the whole 25,000 + 9,000 = 34,000 tons of coal affected, giving a reduction, in the case of the narrow gauge, of the profits from 16,500 *l.* per annum to about 14,600 *l.*

8. To these sums we may add a rough estimate of the profits on freight over the line for cotton and local goods and passengers, which may be taken, as in the margin at 4,500 *l.* for the broad, and 2,900 *l.* for the narrow gauge. The total will thus be 21,000 *l.* for the broad, and 17,500 *l.* for the narrow gauge line.

———	Broad Gauge.	Narrow Gauge.
	£	£.
34,000 / 18,000 } tons* of Coal, at 1 rupee -	3,400	1,800
3,000 tons of Cotton - - -	600	600
Passengers, Grain, &c. - - -	500	500
£	4,500	2,900

* If there be no break of gauge, the Wurdah Valley coal will be used to Nundgaum, otherwise only to Bhosawul, and not entirely there.

9. The questions involved in the determination of the course to be pursued in regard to this project are somewhat complicated, and make it necessary to deal with both the gauge and direction of the projected railway. The chief objects sought in its construction, are the reduction in the cost of the fuel used in working the Great Indian Peninsula Railway, and the advancement of the cotton trade of the districts. Of these two objects, the former is at the present time the more important in a financial point of view. According to the calculations we have made, and which are above repeated, the direct and indirect profits on the coal railway, if made on a narrow gauge, would be about 17,500 *l.* a year; and if on a broad gauge, 21,000 *l.* a year; the difference between the two sums being caused by the necessity, in the case of the narrow-gauge lines, of transferring coal to broad-gauge waggons, of working a short isolated narrow-gauge line, which must necessarily be expensive, and of, consequently, raising the price of the coal so as to prevent its entering into favourable competition with the Mopani coal on the Great Indian Peninsula Railway at and below Bhosawul. The cost of the two kinds of railway (exclusive of large bridges) may, it appears from the estimates that have been prepared, be taken at 6,000 *l.* a mile for a narrow-gauge line, including rolling stock, and 7,500 *l.* a mile for a broad gauge, excluding rolling stock, which would be supplied by the parent line.

10. The following five projects have been suggested (*see* sketch map), for the alignment of a railway, starting from Wurda:—

I. Viâ Hingunghât to Wurrora, 48 miles.
II. Direct to Pisgaon, 50 miles.
III. The same, with a branch to Hingunghât, 55 miles.
IV. Viâ Hingunghât to Wurrora, with a branch to Pisgaon, crossing the Wurdah, 60 miles.
V. To Hingunghât, returning across the Wunna, and proceeding by its left bank to Pisgaon, crossing the Wurdah, therefore, above the junction of the Wunna.

On these lines there are large bridges to be constructed, the cost of which must be added to the mileage cost above mentioned. The bridge over the Wunna at Hingunghât may be taken at 35,000 *l.* for the narrow, and 38,500 *l.* for the broad gauge. The Wurdah Bridge, above the junction of the Wunna, may be taken at 60,000 *l.* or 66,000 *l.*, according to gauge,

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gauge, and that below the junction, at 80,000 *l.* or 88,000 *l.* Putting these data together, the financial view of the several proposals is as follows:—

	Narrow Gauge.	Broad Gauge.
I.—To Wurrora, viâ Hingunghât.	£.	£.
Forty-eight miles of railway - - - - - - - -	288,000	360,000
Wunna bridge - - - - - - - - -	35,000	36,500
	323,000	396,500
4½ per cent. on this - - - - - - - - -	14,535	17,843
Calculated net earnings - - - - - - -	17,500	21,000
Annual Surplus - - - £.	2,965	3,157
II.—To Pisgaon direct:		
50 miles of railway - - - - - - - - -	300,000	375,000
Wurdah bridge - - - - - - - - -	60,000	66,000
	360,000	441,000
4½ per cent. on this - - - - - - - - -	16,200	19,845
Calculated net earnings - - - - - - -	17,500	21,000
Annual Surplus - - - £.	1,300	1,155
III.—To Pisgaon, with branch to Hingunghât:		
As in II. - - - - - - - - - -	360,000	441,000
5 miles of branch - - - - - - - - -	30,000	37,500
	390,000	478,500
4½ per cent. on this - - - - - - - - -	17,550	21,533
Calculated net earnings (adding 250 *l.* for branch) - - -	17,750	21,250
Annual Surplus and Deficit - - £.	200	283
IV.—To Wurrora, viâ Hingunghât, with branch to Pisgaon:		
As in I. - - - - - - - - - -	323,000	396,500
Lower Wurdah bridge - - - - - - - -	80,000	88,000
12 miles of branch - - - - - - - -	72,000	96,000
Total - - - £.	475,000	580,500
4½ per cent. on this - - - - - - - - -	21,375	26,123
Calculated net earnings (adding 500 *l.* for branch) - -	18,000	21,500
Annual Deficit - - - £.	3,375	4,623
V.—To Hingunghât, and returning over the Wunna to Pisgaon:		
The cost and return on this may be taken the same as in No. III.		

N.B.—Although the bridges have been included here, it is possible that the Wurrora line might at first be worked by diversions, without bridges, during the dry season, being closed during the rains. This could not be done with the deep channel of the Wurdah. The comparison is therefore rather more in favour of the Wurrora line than is shown above.

11. It thus appears that the broad gauge would not be materially different, as regards profits from the narrow; but when it is borne in mind that the greater portion of the girders and rails for the broad gauge can be supplied from surplus stock already in this country, bearing interest as part of the guaranteed capital of the Great Indian Peninsula Railway, it seems that the financial advantage is clearly in favour of the broad gauge. The arguments in favour of this gauge are further strengthened by two considerations. First, that if the traffic on the lines should be greater than that on which we have thought it advisable to calculate, the advantage would be less to a narrow-gauge line, than to a broad-gauge one, for which a practically inexhaustible supply of rolling stock could be hired; and, secondly, that in the case of possible future extensions, a break of gauge could be made at the source of the fuel supply with less inconvenience than elsewhere. In view of all these circumstances, we have therefore come to the conclusion that the broad gauge is the proper one to adopt.

12. Next

12. Next as to the direction to be followed. If Hingunghât be considered an obligatory point, then one of the schemes, Nos. I., III., IV., or V., must be adopted; that is, if, for the sake of the coal traffic, the direct line to Pisgaon be preferred, then the branch to Hingunghât (No. III.), or the return curve (No. V.), would be made at an increased cost of 1,100 *l.*, or 1,200 *l.* per annum. This would not, in our opinion, be unreasonable; for although the export of cotton from Hingunghât appears to be, from a railway point of view, of no great consequence, still there are a large number of persons interested in the trade who are averse to the deflection of the line from the town. On the whole, we consider it proper that the railway should run, either direct or by means of a branch or return curve, to Hingunghât. The advantage of adopting No. V. line is the avoidance of the inconvenience of working a branch, which we think will more than cover the additional length of lead for the coal; but in either case it appears proper to commence at once on so much of the line as to enable us to reach Hingunghât.

13. With regard to the location of the remainder of the railway, we are not at present in a position to offer a definite opinion. In Dr. Oldham's judgment the superiority of the Pisgaon to the Wurrora coalfields is undoubted, and we fully recognise the value of this opinion; but it still remains to be decided whether, admitting this, the Wurrora works may not afford a sufficient supply of coal at a workable price to meet all the objects of this coal line, and at a less capital and working outlay than if pits were opened at Pisgaon, and the coal carried thence to the Great Indian Peninsula Railway. Further investigations are now in progress which will, we trust, settle the matter, and enable a positive decision to be made as to the sufficiency of the Wurrora coal, and the degree of facility to be expected in working it. The result of these inquiries may soon be expected, and, as it would be a great advantage to make use of a portion of the present working season, we beg that we may receive by telegraph your Grace's sanction to the immediate construction of the railway as far as Hingunghât, and to the subsequent prosecution of whichever line may appear to us to be most desirable, and also to the construction of the railway on a broad gauge, for the reasons herein given. The full estimates and plan will be submitted to your Grace when the points now at issue are finally settled.

EXTRACT of DESPATCH from the Secretary of State for India to the Governor General of India in Council; dated 15th February 1872, No. 19 (Railway).

My Lord,

Para. 1 YOUR Despatch, No. 138, of 6th December last, relative to a projected line of railway from the Nagpore branch of the Great Indian Peninsula Line into the coal, iron, and cotton fields intersected by the River Wurdah, was received by me on 6th ultimo, and on the 17th of the same month was answered by telegraph as follows.—

> "Wurdah Valley Railway. Broad gauge. Sanctioned far as B, 15 miles from Wurdah Station, five short of Hingunghât."

2. I wish now to explain why the request of your Government for immediate sanction to construction as far as Hingunghât has not been complied with to its full extent.

3. The Despatch under acknowledgment shows that your Government is itself still in doubt whether Pisgaon on the right, or Wurrora on the left, of the River Wurdah, is to be preferred for the lower terminus of the line, but intimates that the final selection will depend on which of the two may be ascertained, on further inquiry, to have the best and most abundant coal-beds in its immediate vicinity. The evidence as yet collected on that point seems to preponderate in favour of Pisgaon, but in case it be decided to make that place the terminus, to cause the line from Wurdah to pass through Hingunghât, instead of turning off at the point marked B. on the sketch map sent with your Despatch, would be to add five miles to its length, and 30,000 *l.* to its cost, to counterbalance which, the only compensating advantage would be that of somewhat facilitating the conveyance of cotton over the 20 miles of ground separating Hingunghât from Wurdah. This advantage might be worth the cost, if Hingunghât were a considerable cotton mart; but although the most considerable in the district, the maximum quantity of cotton which a railway from it to the Great Indian Peninsula Line would get, is, I observe, estimated by both the Officiating Chief Commissioner of the Central Provinces and the Commissioner of Eastern Berar, at no more than 3,000 tons annually. It seems very questionable whether it would be worth while to sink so large a sum as 30,000 *l.* for the purpose of enabling so insignificant a quantity of cotton to travel for 20 miles of its way to market by railway instead of road, particularly as all the coal carried northward by the same line (estimated, I observe, at 50,000 tons) would have to be carried five miles more in consequence.

4. In these circumstances it seems to me, that if Pisgaon be fixed upon for the terminus, the proposed line from Wurdah had better turn off at B. If, on the other hand, it is to proceed to Wurrora, no deviation from the directest practicable course seems necessary to make it pass through or by Hingunghât. In either case, however, I am content to leave the final disposal of the matter to your Excellency in Council, only desiring that the considerations adverted to above may be duly weighed.

Appendix, No. 13,

STATEMENT showing the Loss or GAIN to *India* in each Year, by adopting in the Transactions with certain GUARANTEED INDIAN RAILWAY COMPANIES the Exchange of 1 *s.* 10 *d.* the Rupee, as compared with the rate of 2 *s.* the Rupee, and as compared with the Average Rate obtained in each Year for Bills of Exchange drawn on *India*; also the Gain in each Year by adopting in the Transactions with the OUDE and ROHILKUND RAILWAY COMPANY and the INDIAN TRAMWAY or CARNATIC RAILWAY COMPANY, the Exchange of 2 *s.* the Rupee, as compared with the Average Rate obtained in each Year for Bills of Exchange drawn on *India.*

YEAR.	Loss by Exchange in adopting the Rate of 1 *s.* 10 *d* the Rupee as compared with that of 2 *s.*	Gain by Exchange in adopting the Rate of 1 *s.* 10 *d* the Rupee as compared with that of 2 *s.*	Loss by Exchange in adopting the Rate of 1 *s.* 10 *d.* the Rupee as compared with the undermentioned Rate obtained for Bills on India.		Gain by Exchange in adopting the Rate of 1 *s* 10 *d.* the Rupee as compared with the undermentioned Rate obtained for Bills on India.		Gain by Exchange in adopting with the Oude and Rohilkund Railway Company, and the Indian Tramway or Carnatic Railway Company, the Rate of 2 *s.* the Rupee, as compared with the undermentioned Rate obtained for Bills on India.	
			Average Rate for Bills on India.		Average Rate for Bills on India.		Average Rate for Bills on India.	
	£.	£.	*s.* *d.*	£.	*s.* *d.*	£.	*s.* *d.*	£.
1849–50 - -	- -	780	—	- -	1 10½	195	—	—
1850–51 - -	- -	3,623	—	- -	2 –½	4,076	—	—
1851–52 - -	13,091	- -	2 –⅛	13,909	—	—	—	—
1852–53 - -	21,819	- -	1 11⅞	20,456	—	—	—	—
1853–54 - -	37,162	- -	2 –⅛	39,485	—	—	—	—
1854–55 - -	59,845	- -	1 11⅛	33,663	—	—	—	—
1855–56 - -	111,750	- -	2 –⅛	118,734	—	—	—	—
1856–57 - -	147,361	- -	2 1⅛	230,251	—	—	—	—
1857–58 - -	177,262	- -	2 –⅝	232,656	—	—	—	—
1858–59 - -	303,874	- -	*	—	—	—	—	—
1859–60 - -	429,233	- -	*	—	—	—	—	—
1860–61 - -	469,759	- -	*	—	—	—	—	—
1861–62 - -	420,123	- -	1 11⅞	393,865	—	—	—	—
1862–63 - -	317,785	- -	1 11⅞	297,923	—	—	—	—
1863–64 - -	241,234	- -	1 11⅞	226,489	—	—	—	—
1864–65 - -	146,048	- -	1 11⅞	136,920	—	—	—	—
1865–66 - -	50,506	- -	1 11¾	44,193	—	—	—	—
1866–67 - -	111,681	- -	1 11	55,840	—	—	—	—
1867–68 - -	101,877	- -	1 11⅛	57,305	—	- -	1 11⅛	674
1868–69 - -	20,733	- -	1 11⅛	11,669	—	- -	1 11⅛	2,647
1869–70 - -	- -	40,031	—	- -	1 11¼	25,019	1 11¼	6,878
1870–71 - -	- -	131,867	—	- -	1 10½	32,966	1 10½	21,252

* Up to the year 1860–61 inclusive, the Home Treasury was open at all times for the sale of Bills on India, at rates altered from time to time by advertisement. Consequent on the Mutiny it was necessary to refrain from drawing on India, and the exchange was raised to a prohibitory rate.

T. W. Keith, Accountant.

1 March 1872.

Appendix, No. 14.

Appendix, No. 14.

(No. 63, PUBLIC WORKS.)

Government of India.—Public Works Department.—Buildings and Roads.—Communications.

To His Grace the Right Honourable the Duke of *Argyll*, K.T.,
Secretary of State for India.

My Lord Duke, Simla, 1 June 1871.

IN addressing your Grace on the present position of the operations which have now been going on for many years on the Upper Godavery, having for their object the improvement of the navigation of that river from Berar and the Central Provinces to the sea at Coconada, it will be convenient if we review the past history of the works, and indicate the decisions that have from time to time been come to on the subject by the Government of India and Her Majesty's Government.

2. The scheme was first mooted in a general way in 1851 by Major F. C. Cotton. Various explorations and surveys were undertaken from time to time in the following years under the authority of the Honourable Court of Directors of the East India Company, and up to 1861 a sum of about 20,000 *l.* had been spent in these and other preliminaries. In 1861–62 operations were begun with more vigour, and the Madras Government having sanctioned a design for the works at the lower barrier, they were put in hand, as well as various other operations having in view the removal of obstacles which existed at various points in the bed of the river. Tramways were also commenced at the three barriers to admit of the passage of the traffic until the canals at these obstructions were completed.

3. In 1863 the works were transferred from the control of the Government of Madras to that of the Administration of the Central Provinces, and were thus brought more directly under the cognisance of the Government of India. Up to this period, 1862–63, the total outlay had been about 100,000 *l.*, of which about 30,000 *l.* was for the tramways, leaving 20,000 *l.* to complete those works, which, however, have subsequently been abandoned. At that time no complete estimates had been received by the Government of India, though the work had been in progress since 1861.

4. In 1863, when the project fairly came under the Government of India for the first time, it was reported by Mr. Temple, then Chief Commissioner of the Central Provinces, on the authority of Major Haig, that the probable outlay necessary to open the river in a partial manner to the foot of the third barrier would be about 25½ lakhs, 255,000 *l.*, in addition to the former outlay. The works contemplated at that time were nearly those that have since been in progress. The estimated cost for the complete works was as follows:—

	£.
1st Barrier Works - - - - - - -	120,000
2nd " " - - - - - - -	200,000
3rd " " - - - - - - -	150,000
Works in river - - - - - - - -	122,500
TOTAL - - - £.	592,500

But with the exception of the first barrier, no designs had been prepared, and these sums were little more than guesses. In issuing orders at this time, the necessity for completing proper estimates and designs was strongly stated, but the work at the first barrier was permitted to go on in accordance with a design that had been approved by the Madras Government. These orders of the Government of India were reported in its Despatch to Sir Charles Wood, No. 116, dated 13th September 1865, which reviewed past proceedings and expenditure in connection with the scheme, and gave the views of the Government of India as to the prospective measures to be adopted with reference to it. At that time the expenditure had risen to 286,000 *l.*, and the estimated cost of the works, including the third barrier, was then stated at 800,000 *l.* or even one million.

5. The

Appendix, No. 14.

5. The orders of the Home Government, in reply to the Despatch above referred to, were communicated in Sir Charles Wood's Despatch, No. 11, dated 8th February 1866, which was written after personal communication with Major Haig, under whose superintendence the greater part of the work had been carried out from the outset.

6. The general conclusions at which the then Secretary of State for India arrived were, that in order to secure the more important and more immediate advantages which the project was originally undertaken to obtain, navigation must be made to extend nearly as far as Hingunghât, to effect which a total outlay of 800,000 *l.*, or 538,000 *l.* beyond the sum which had been spent up to that time, was estimated as necessary. The Secretary of State agreed with the Government of India in thinking that as the works at the first and second barriers and between the second and the foot of the third barrier had proceeded so far, it was desirable to prosecute so much of the scheme with vigour, but that nothing should be done on the third barrier until detailed plans and estimates should be prepared, surveys of this barrier and of the river up to Hingunghât being, however, set in hand during the prosecution of the works on the lower barriers. An opinion unfavourable to the connection of Chanda with the foot of the third barrier by road was also given.

7. Previously to the receipt of this exposition of the views of Her Majesty's Government, the Government of India had appointed a Committee to report on the whole subject of these works, and in March 1867, after a consideration of this report and the minute by the Chief Commissioner (Mr. Temple), which accompanied it, and also of a memorandum by Major Haig on the report of the Committee, and governed by the express wishes of the Secretary of State, the Government of India issued orders for the completion of the first barrier project, with a short canal, with full sized locks for steamers, estimated to cost 170,000 *l.*, and also sanctioned an estimate amounting to 113,400 *l.* for the works at the second barrier, which were ordered to be pushed on with all practical expedition. In all other points the Chief Commissioner was authorised to do whatever might be necessary for opening up communication to the foot of the third barrier, subject only to the restriction that no work was to be commenced until a detailed estimate for the same should have been approved by him.

8. At the same time surveys were ordered to be set in hand, both for navigation works above the foot of the third barrier as far as Hingunghât, and for a road to connect the foot of that barrier with Chanda; but nothing was to be done in the matter of preparing designs for storage of water, or the extension of navigation up the Wurdah and Wynegunga, until the estimates for the third barrier works should be completed.

9. These orders were communicated to the Secretary of State in our Despatch, No. 36, dated 8th March 1867, and the question of the extension of the project was then submitted for the orders of the Home Government, an opinion being expressed that it was necessary that a cheap road should be constructed at once from Chanda, either to Sironcha, or to the foot of the third barrier, and permission being asked to carry it out.

10. The Government of India at the same time remarked that the works were not likely to "prove profitable in any degree commensurate with the expense" they would entail, and that nothing should be done even in the way of surveys beyond the work already ordered, until the detailed estimates for the works at that barrier should be received.

11. These views, objecting to the prosecution of surveys, were reiterated in papers sent to the Secretary of State with our Despatch, No. 107, dated 11th July 1867, but on a further representation from the Chief Commissioner, he received eventually a discretionary power of extending the surveys to the lower 60 miles of the Wynegunga.

12. These orders were reviewed in Sir Stafford Northcote's Despatch, No. 86, dated 14th September 1867, in which various modifications of them were proposed.

13. In the first place, the Secretary of State expressed a preference for the long canal of 20 miles at the first barrier, over the short one sanctioned, involving an increased prospective expenditure of some 150,000 *l.*, and in the next place he desired the immediate prosecution of the investigations connected with the extension of navigation to the utmost extent, including surveys with reference to the storage of water to increase the supply of the river in the dry season.

14. In other respects, the orders of our Government were approved, and also the expenditure of 10,000 *l.* on a road from Mogellee at the third barrier to Chanda, to be used pending the completion of the navigation works in the upper reaches.

15. In reply to these orders (*see* our Despatch, No. 196, dated 29th November 1867), it was reported that the short canal at the first barrier was nearly completed, and that no difficulties were anticipated by Colonel Haig in the clearances in the bed of the stream necessary to make the canal available for traffic, and an opinion was given that it was, therefore, unnecessary to proceed at that time with the long canal.

16. Any

16. Any extension of surveys beyond those already sanctioned was strongly opposed, and the Government of India remarked on the necessity of conducting the future operations on the river with more system and order than, owing to the instructions received from the Home Government during the early stages of the work, had previously been attained.

17. The Secretary of State in his reply (No. 18, dated 29th February 1868) approved of these views with regard to the long canal at the first barrier, but adhered to the opinion formerly expressed by him regarding the necessity for the early prosecution of surveys for works designed for the storage of water for increasing the natural supply of the river in the dry season, and desired that the instructions previously given by him on this subject might not be overlooked.

18. The Government of India replied (Despatch, No. 68, dated 22nd April 1868) that these instructions would be borne in mind, but that from reports recently received in regard to there being no want of an additional supply of water for irrigation in the Delta of the Godavery, which was one of the more prominent reasons adduced for going on with these surveys, the matter was not so urgent as had been before supposed.

19. In 1869 Mr. Morris, who had become the Chief Commissioner of the Central Provinces, considering that the works had up to that time continued to be carried on without a complete estimate of the cost of bringing any definite scheme to completion, especially called for the preparation of two estimates, one for a series of works on the smallest possible scale consistent with the object in view, and another for a scheme which should meet Colonel Haig's own views of the requirements of the navigation.

20. These orders were generally approved by us, but in their details we somewhat modified them, requiring that Major Haig should be instructed to deal with his proposals on the following basis:

1st. To show the best practicable results with the natural river supply only.

2nd. To show the best results possible with reservoirs sufficient merely for supplementing the supply for the upper reaches of the Wurdah and Wunna Rivers, that is, above the third barrier only, to the extent necessary to continue the navigation in that part of the river, as long as it would be open below the third barrier, with the natural supply.

3rd. To give his own views as to the system which should be adopted for a permanent navigation.

21. These orders, which were reported to your Grace in our Despatch, No. 56, dated 9th May 1870, have led to the preparation of a series of estimates and to a review of the whole scheme by Mr. Morris, which we now submit for your Grace's consideration and for final orders as to the further prosecution of the works.

22. The total expenditure on these works up to the present time, including that incurred under the Madras Government prior to 1863, is about 700,000 *l.*, and for this the works at the first barrier, including the short canal, have been opened for traffic, and some progress has been made on the works at the second barrier.

23. The estimates submitted may be combined in various ways so as to form alternative schemes varying in their scope from one which will provide merely a three or four month's navigation from Dowlaishwaram to the foot of the third barrier for steamers, and a road thence to Chanda likely to cost, including everything, say, 900,000 *l.*, to one which will give a complete navigation for steamers of large size (2½ feet draft) throughout the year from the sea to the Great Indian Peninsula Railway at Wurdah, which might cost 1,350,000 *l.*

24. The results of some of the combinations which may be made are given in paragraph 49 (pages 24 to 26) of Colonel Haig's Report, and paragraphs 6 to 22 of Mr. Morris' Minute. The figures in both of these now require some correction, in consequence of the expenditure which has been incurred since they were written; but they will give a sufficiently close approximation to the facts of the case to admit of a judgment being formed as to the comparative cost of the various schemes which are now possible.

25. We do not propose, however, now to discuss any of the large schemes which it is possible to undertake.

26. We think that Mr. Morris's Minute shows conclusively that if the works were completed to the full extent necessary for the most perfect navigation, there is no prospect of sufficient traffic for very many years to come to bring in a fair return for the money which would be expended. This being the case, it seems to us that the only question for immediate consideration is, whether expenditure on a project, which, carried out on the most restricted scale, will still involve a considerable outlay in the future; which will not in the present generation, at any rate, be in any way directly remunerative; which will be of little use for political or military purposes; which, even if it succeeds in drawing off a portion of the produce of the Central Provinces to Coconada, will do so at the expense of the Great Indian Peninsula Railway, the interest on the capital for which must somehow be met; and which will certainly involve the imposition of a considerable burden on the rest of India, for only a possible benefit to portions of the territories of the Central Provinces, Hyderabad, and Madras, shall be absolutely stopped as

as soon as the work already carried out shall be secured from damage, or whether, in consideration of the large sum already spent on the works, their further prosecution shall be permitted to such extent as may be necessary to provide a continuous communication of some kind from the sea to the cotton mart at Hingunghât.

27. In considering how to deal with this question in its present state, it appears to us that three alternatives have to be discussed:—

I. Of giving up, for the present at least, all idea of deriving benefit from the past outlay, except so far as the opening of the first barrier may be useful, and of stopping all further expenditure.

II. Of completing the navigation works as far as the foot of the third barrier on the smallest possible scale, and making a road thence to Chanda to join existing roads to Nagpoor and Hingunghât.

III. Of completing works for the navigation up to Hingunghât on the smallest possible scale.

28. As before observed, the first barrier works are practically finished, and this barrier is now passable for a certain portion of the year for steamers of 2½ feet draft. For a limited period, too, the reaches as far as the foot of the second barrier are also passable for such steamers.

29. To complete the works at the second barrier, according to the present design, will cost about 120,000 *l.*, in addition to the sum already spent, and this expenditure will consequently give some sort of communication from the sea to the foot of the third barrier for steamers and country boats.

30. Mr. Scott's estimate for a third-class road from the foot of the third barrier to Chanda is slightly over 30,000 *l.* The kind of communication for which this estimate provides is described in the 61st paragraph of Colonel Haig's Report. For a second-class road between these places, Colonel Haig roughly estimates the cost at 106,500 *l.*, besides which a further sum would be required for the improvement of the road north of Chanda.

31. From the figures given in the two preceding paragraphs it will be seen that to provide the cheapest possible communication between Hingunghât and the sea, will involve, at the lowest estimate, a future expenditure of 150,000 *l.*, but it will be best to take it at 200,000 *l.*, making a total expenditure of about 900,000 *l.*

32. The cost of conveying goods by the road would no doubt be greater than by canal, as contended by Colonel Haig. But still it is well known that where there is a demand for communication, roads are largely made use of even in preference to available water communication, as in the case of cotton carried from Mirzapoor to Calcutta by road in preference to the water route by the Ganges, prior to the construction of the railway. Doubtless some kinds of goods might in this case be brought forward which would bear the enhanced charge of transport by road for part of the distance. This second alternative, therefore, of completing the communication by a road at a future outlay altogether of 150,000 *l.*, or even of 200,000 *l.*, we consider not to be one to be left out of consideration in arriving at a decision on the question now under discussion.

33. The cost of the boat canal round the third barrier is estimated at about 190,000 *l.*, so that the smallest expenditure which will give any water communication between the cultivated districts of the Central Provinces and the sea may be estimated at 310,000 *l.*, which, added to the past expenditure, gives a total of 1,010,000 *l.*

34. To complete water communication from the head of this canal to Hingunghât will cost, according to the present estimates, about 230,000 *l.* more, and continuing it, to join the Great Indian Peninsula Railway at Wurdah, a further sum of 100,000 *l.*; paragraph 71 of Report.

35. The least sums, therefore, for which these places can be connected with the sea by water communication, and that in a very imperfect manner, are,—

	£.
Wurdah, on the Great Indian Peninsula Railway - -	1,340,000
Hingunghât - - - - - - - - - - -	1,240,000

involving in the one case a prospective expenditure of 640,000 *l.*, and in the other of 540,000 *l.*

36. These last figures, be it remembered, are not based on precise estimates, and when the detailed projects are worked out, the sums named may be found to be insufficient, although we believe that the amounts taken by Colonel Haig were arrived at with great care, and on the best available data.

37. We are clearly of opinion that it would not be wise to incur this expenditure for the sake of a traffic which has yet to be created, and the necessary charges connected with which are wholly based on conjecture. For the cotton export traffic the railway to Bombay has not as yet been found insufficient. If, as is most improbable, this traffic were to be diverted to the Godavery, the receipts of the railway, in which Government has

has a large interest, would be *pro tanto* diminished. There has not been, and, so far as we can see, there cannot be any reliable calculation made as to the probable cost of transport by the Godavery to the sea. This question evidently depends on the return traffic, and as evidently it is quite impossible to judge of this in a case like the present in which we start with no trade whatever in either direction. The transport must, in the first place, be burdened with the charge for interest on the capital, and next with the outlay for maintenance, which would certainly be heavy. If there was not a fair balance between the up and the down trade, the burden on the traffic would be in a corresponding degree increased. In short, there seems to us no evidence whatever to justify the belief, that if the large outlay necessary to complete this navigation were incurred, the trade of the districts concerned could pay for it and for the railway together, or that there would be such a relief given to commerce generally as might fairly lead to the anticipation that this result would be soon secured. Viewing the question financially, and it is essentially in such a manner that these large engineering questions must be viewed if we are to avoid calamitous failure, the balance of the arguments seem to us conclusive against the prosecution of the scheme in the existing condition of India generally, and the provinces in particular, which the scheme might benefit.

38. The recent discovery of the Chanda coal fields, however, must be considered as affecting this project. The part of the scheme which relates to the navigation of the river above Chanda has now an aspect different from that which it had in the earlier discussions on the project. Then, this portion of the works had only to be considered as being a section of the through line of navigation from Hingunghât to the sea. Now, it has also to be considered as an independent project for connecting the newly-discovered coal fields in the Chanda district and in the Berars with the Great Indian Peninsula Railway, and this aspect of the case has been treated of at some length in the report by Colonel Haig and the Minute by Mr. Morris.

39. If, on other grounds, it be determined to carry out this portion of the scheme, its utility will no doubt be increased by the possibility of using it for the transport of coal to the railway; but having regard to the length of time which must necessarily elapse before water communication could be completed between Chanda and the railway, to the comparative cost of the two means of communication, and to the other points mentioned in the 21st paragraph of Mr. Morris's Minute, we consider that the railway would certainly be the preferable communication. Should it be determined to canalise the Wurdah, as proposed by Colonel Haig, then it will be for consideration whether the railway should also be constructed or not.

40. The prospect of employment in the conveyance of the Chanda coal southwards to Cocanada and Madras is also a new circumstance to be considered But the recent discovery of coal, apparently of good quality, on the lower parts of the Godavery, near the first barrier, removes much of the weight that might be assigned to the utility of the higher parts of the navigation as a means of getting cheap coal in Southern India; and indeed furnishes some greater justification for our being for the present content with the opening of the first barrier, and for at once closing the operations at the second barrier.

41. Our conclusion on the whole question is that, considering the large sums required for works of public improvement in all parts of the country, the difficulty we have in meeting the various demands of this nature made upon us, and the uncertainty which attends the prospects of this work, both as respects the sum for which it can be completed, and the effect which, when finished, it will have on the trade of the Central Provinces, the best policy will be to leave the works as nearly as possible in the state in which they now are, and withdraw our establishments. This course we recommend for your Grace's sanction.

42. Such a course will doubtless be condemned by some as rendering profitless, for the present at any rate, the past expenditure of nearly three-fourths of a million sterling; but it must be remembered that the greater part of the work already done can be utilised at any future date, if the state of the Central Provinces should render a resumption of operations desirable.

43. Our colleague, Sir Richard Temple, differs from us in this conclusion, and would complete the works at the second barrier, and construct a third class road from the foot of the third barrier to Chanda, at a cost not exceeding in all 195,000 *l.* A Minute by Sir R. Temple, explaining his views more at length, is submitted with this Despatch.

44. We are unanimous in protesting against any further expenditure on navigation works above the second barrier.

45. Until your Grace's orders are received, we shall limit the expenditure to the completion of the works already in progress below the second barrier.

46. Before concluding we desire to record our satisfaction at the complete manner in which the project has now been prepared by Colonel Haig and his assistants. The plans and estimates now sent up, together with Colonel Haig's very full report, will be a substantial basis for future operations on the river whenever they may be carried out, and give, for the first time, a view of the whole project for opening up the Godavery.

47. But

47. But we must add that it is impossible not to see that the want of such a comprehensive scheme as has at length been furnished has led to work being carried on very much in the dark, and to an expenditure which assuredly would not have been permitted had all the facts of the case been known when the scheme was first taken up. The Godavery navigation project commenced with an assurance that "the entire cost of the measures necessary for opening the navigation for immediate use is 35,600 rupees, with an allowance of about 5,760 rupees per annum for portage establishments." This estimate was accepted by the Madras Government as sufficient to keep up the navigation "for nearly nine months from the coast to the Roonjai Falls on the Wurdah, 20 miles from Hingunghât, and 70 from Nagpoor," while a sum of 300,000 *l.* was considered likely to be sufficient to meet all difficulties. The project has already swallowed up 700,000 *l.*, with no practical result, in obtaining a through communication; the work done cannot be utilised in any sensible degree until a total outlay of at least 900,000 *l.* has been incurred, and cannot be made complete for navigation under a total outlay of 1,200,000 *l.* The history of this project should, we think, be a caution to every future Government of India not to take up engineering projects until complete designs for the works and estimates of their cost have been carefully worked out.

We have, &c.
(signed) *Mayo.*
Napier of Magdala.
John Strachey.
R. Temple.
J. F. Stephen.
B. H. Ellis.
H. W. Norman.

Appendix, No. 15.

App. No. 15.

From the Secretary to the Chief Commissioner of Mysore, Public Works Department, to the Secretary to the Government of India, Public Works Department, No. 120, General; dated Bangalore, the 8th May 1872.

I HAVE the honour, by desire, to submit the accompanying Paper, drawn up by the chief engineer, in reply to certain observations and strictures passed upon his department by Mr. R. H. Elliott, in his late examination before the Parliamentary Committee on the East India Finance, and to request that, should his Excellency in Council see no objection, the same may be transmitted to the Home Government, for such use as Her Majesty's Secretary of State may see fit to apply it.

2. Colonel Sankey would, I am desired to say, naturally prefer that the statement should, if possible, be laid before the Parliamentary Committee who examined Mr. Elliott.

OBSERVATIONS by Lieutenant Colonel *R. H. Sankey*, R.E., Chief Engineer and Secretary to Governments of Mysore and Coorg, on Mr. *R. H. Elliott's* Report in his late Examination on the Public Works Department.

PARLIAMENTARY COMMITTEE ON EAST INDIA FINANCE—12th April 1872. SPECIAL REPORT for the "Times of India." Mr. R. H. ELLIOTT, examined.	OBSERVATIONS by Lieutenant Colonel *R. H. Sankey*, R.E., Chief Engineer and Secretary to the Governments of Mysore and Coorg.
Q. I.—With regard to the Public Works Department, I think you are able to give us some information regarding it? *A.* Yes, I have had occasion to go into that matter very closely with a view to writing on the subject, to look out a number of documents, and, generally, to inform myself from official sources on the subject of that department. I have done so particularly as regards Mysore, and I believe that to be a good illustrative case for all India.	OBSERVATION I. I HAVE had the pleasure of Mr. Elliott's acquaintance, and should with the utmost pleasure at all times have afforded him any information in regard to the department, consistent with my duty to Government; yet though I have been in Mysore since 1861, first as assistant to the chief engineer, and subsequently as chief engineer, I have never had any inquiry as regarded works or administration, directly or indirectly, from Mr. Elliott. The sources of the information acquired by him are not specified; but as the official head of the department, I think it desirable to disclaim the notion that such information has emanated from me, as possibly might be inferred from his reported reply.
Q. II.—Perhaps that case would lead to too many details; but have you any suggestions to offer as to an improved and more economical working of the Public Works Department? *A.* Yes, certainly; and the principal suggestion is that the engineer office should be under the collector of the district, for the simple reason that he understands the interests and wants of the whole district better than anybody else can.	OBSERVATION II. As there is nothing very specific in this reply, I shall only observe that with the fullest discussion of the subject, the Government of India decided to maintain the present constitution of the department; that many of the so-called "collectors," entirely on their own account, disclaimed interference with the department; and that in all matters connected with the roads, civil buildings, or indeed any work affecting the interests of the people or the administration, the opinions of all civil officers concerned are elicited and most anxiously weighed by the local administration before any action is taken, or can be taken by the Public Works Department. This is a fundamental rule of the code of public works, not in any way special to Mysore.
Q. III.—As regards bridges, and other matters, have you any information to give? *A.* As regards bridges in particular, I have some facts. I have here some pictures which will illustrate the Native bridges, and the bridges built by the Europeans; and they show that the English engineers, instead of building bridges better than the Native engineers, build them worse.	No remark.

App. No. 15.

Mr. R. H. Elliott, examined.	Observations IV. and V.
Q. IV.—What is the distinguishing feature of the construction of the Native bridges? *A.* It is simply this, that while we place large piers in opposition to the stream of the water, they hardly place any. The consequence is that in great floods our bridges go away. I can point to a first class bridge in Mysore, over a very large and wide river, which has stood for 150 years. *Q.* V.—Will you explain how it is that the Native bridges are superior for those special purposes than the bridges of our engineers? *A.*—Yes, the Native bridges are constructed by placing a long slab of stone about 18 inches or two feet wide by about 8 inches thick. They lay this stone in the sand of the river just like piles, with the sharp end towards the stream. There is a certain distance, I cannot say how much, between each stone.	First, as regards Native bridges. There is only one in Mysore, that over the Cubbany river, in which the principle of the arch (Moresque in this case) has been adopted. There are five what I may call pillar and girder (granite) bridges, two over the arms of the Cauvery at Sevasamoodrum, and the others at Seringapatam, over the same stream. There are also about four minor bridges in all, of old Native construction, near the ancient city of Nuggur, the piers being of cut stone, laid horizontally in mortar in the usual way, with stone girders above. In the Cubbany bridge the piers take up no less than one-third of the entire water-way. In the Cauvery bridges the granite pillars (usually 1½ feet square) are at 10 feet intervals, and consequently take up nearly one-sixth of the water-way. Lastly, in the Nuggur bridges the built piers occupy not much less than one-half the water-way of the stream. Now the bridge at Suklaspoor, which is that singled out by Mr. Elliott for comment, consists of four iron lattice girder spans of 120 feet, and as the piers consist of hollow cast-iron piles only 1½ feet in diameter, it follows that they only occupy one-twenty-third of the water-way. With our large bridges for instance— 1. That at Hurryhur, consisting of 14 spans of 60 feet, the piers only take up one-eighth of the water-way. 2. The Shimogah bridge, consisting of 16 spans of 50 feet, the piers take up one-fifth of ditto. 3. The Benkipoor bridge of 13 arches of 50 feet span occupy the same relative proportion. But it is needless to go through the list of bridges in Mysore which have been erected by this department, and which not only have stood, but I trust are likely to stand for some time: suffice it to say, that in single iron spans the water-way is not in the least interrupted by any obstacle whatever, and in arched structures, of which the name is legion throughout the province, the piers as a rule interrupt only from one-eighth to one- th of the water-way. It is clear from this, first, that Mr. Elliott is unacquainted with the fact that there is no fixed type of Native bridge; secondly, that his statement as regards the water-way interrupted by the few Native structures he is acquainted with in the small portion of Mysore he has visited, is absolutely opposed to the facts. As regards the lasting powers of the Native bridges, I can only say that those at Sevasamoodrum are known to have been carried away, and that, were it not for the peculiar conformation of the Cauvery river at Seringapatam, it is more than likely that it would have shared the same fate. Two, moreover, of the Nuggur bridges adverted to are at present in ruins; and probably there are others, which have not attracted attention, in the same condition. The lasting powers of such works are very indifferent. From the way in which they block up the water-way, a single large tree borne along by a flood would almost inevitably destroy any of them.
	Observation VI.
Q. VI.—What would be the probable difference in cost between such a bridge as that which you have now described, and such bridge as we would build? *A.* There was a bridge in Tinnevelly which was swept away in a flood, and Native build-	I do not know anything about the Tinnevelly bridge alluded to here, but it is clear that the destroyed bridge had not sufficiently high piers to keep the girders clear of the flood. The example is therefore an example of bad engineering, not a test of principles of construction. With

ings which disappeared for three days, when, the flood subsided, were found to be as good as ever. This was an iron bridge brought from Newcastle, and, with the cost of carriage, it must have cost 12,000 *l.*

I cannot tell you the cost of a native bridge, but I have no doubt that it must have been much cheaper.

Q. VII.—I understand that the Public Works Department have, in certain cases, built bridges where they were not required by the district?

A. Yes.

Q. VIII.—Could you give an example?

A. Yes, there is one in the district of Mysore.

Q. IX.—In what respect was that bridge not required?

A. It was rather a loss to the district. Formerly we could cross the river free, but now we have to pay toll. During a great part of the season there is no water in the bed of the river, or at least only a foot or two of water, which was insufficient for preventing any one from crossing.

Q. X.—During the rainy season in which such a bridge only is required in many districts, are the roads passable?

A. No, the roads are not practicable, so that there is no use for a bridge.

OBSERVATION VI.—*continued.*

With reference to the relative cost of the Native pillar and girder bridges described by Mr. Elliott, we have, fortunately, facts to refer to.

The Dewan Poorneah, who governed Mysore during the minority of the late Rajah, erected the bridge over the Cauvery at Seringapatam (known as the Wellesley Bridge) on the granite pillar and girder principle. The roadway is tortuous, and inconveniently narrow, being only about 14 feet, on an average, in width, which, in a bridge 1,000 feet long, is a serious evil. It was under construction from A.D. 1802 to 1805, and, with slight outlay in 1808, cost, according to the Native accounts in the Chief Commissioner's office, no less than 5,55,879 rupees. With the high selling price of grain now-a-days, the work could not cost less than double this, or 11 lakhs of rupees; or, again, about 1,100 rupees per foot run.

Now, this Department, in 1864 to 1866, bridged the Toongabudra at Hurryhur; it is a larger bridge in every respect, and there were extreme difficulties about the foundations. The roadway is 23 feet wide in the clear, and nearly 50 feet above the water, whereas the Wellesley Bridge roadway is only 22 feet above the bottom. The cost of this Hurryhur Bridge was only 3,50,000 rupees all told. The cost of other masonry bridges in Mysore has been as low as 100, 110, and 120 rupees per foot run; in fact not more than, say, one-tenth of the price of the native bridge over the Cauvery, according to the accounts we possess.

OBSERVATION VII.

The bridge alluded to here as useless is the bridge at Suklaspoor, over the Hemawutty river, erected for two lakhs in 1868–70, in the Mungerabad talook of the Hassan district, as the river during the monsoon cut the whole European planting community off this, probably the most important, district of Mysore. Its absolute necessity was continually being agitated, so much so that a design and estimate had been framed as early as 1852, and it was long one of the standing reproaches against the department that it had not earlier carried out this very work. From the depth of sand in the bed, this river was the greatest impediment to traffic, and proved an extremely heavy tax to all who had to cross it. To show the appreciation of the Munzerabad planters of the benefits conferred on the community by this work, they, as a body, subscribed many thousands of rupees for a grand entertainment, to which all officials were invited on the opening of the work to the public in 1870. As regards Mr. Elliott's statement that formerly he could cross the river free, I have only to say that carts were often detained two or three days by the stream, and had always to pay heavily for assistance to cross. For foot passengers there was a ferry, which was also paid for.

Since the construction of the bridge, carts do not pay in toll one quarter what they did before for assistance, nor do foot passengers crossing the bridge pay more than when as formerly they crossed by ferry.

How the statement, moreover, can be preferred, that whereas formerly carts, &c., crossed free, a toll must now be paid, I am at a loss to understand, as anyone that likes can, instead of using the bridge, cross the river without any opposition, precisely as before.

I am also entirely at a loss to comprehend how such a statement as that following can be substantiated, viz., as regards the impassability of the roads during the rainy season. I have traversed the country in all seasons of the year, and can safely say that there is no founda-

App. No. 15.

Mr. R. H. ELLIOTT, examined.

Q. XI.—With regard to the special economies that may be effected by placing the Public Works Department under the revenue authorities, will you state a few particulars in which the economy can be effected?

A. As regards all matters of communication in which the people are most interested, the collectors are far more competent to form an opinion than the engineers.

Q. XII.—With regard to public works, do I understand you to say that a collector is not consulted before a public work is commenced in his district?

A. When I first went to Mysore the whole of the irrigation works were under the charge of the revenue authorities, but when the Public Works Department was established it took over every kind of work.

Q. XIII. When was that?

A. It was in 1856.

OBSERVATION VII—*continued.*

tion whatever for this allegation. Where the country is closed during the monsoon (as it is in one part of Nuggur) this arises solely from the fact of there being no bridge over two large rivers, and it is the supply of these very links that is the main desideratum. Bridges are, in fact, the crying want of the unopened portions of the Mulnaad or rainy tracts.

Vide supra, OBSERVATION II.

OBSERVATION XII.

The only thing correct about these answers is, that the Department Public Works was commenced in 1866. It was simply formed as a road department, as shown by all the official documents of the time. The revenue authorities were never relieved of the irrigation works. It is in fact only quite lately that the Department Public Works has taken up the direct responsibility in regard to certain specific portions of the tank systems of Mysore and the river channels.

It is useless to follow Mr. Elliott's further evidence on the subject of this Department, as he has evidently not made himself acquainted with any fact of importance as regards its constitution or working.

His acquaintance with the province, as a whole, is also extremely limited.

Appendix, No. 16.

PAPER delivered in by Mr. *Thornton.*

Hydraulic Lift Dock at Hog Island, Bombay.

Appendix, No. 16.

The total expenditure on the Hydraulic Lift Graving Dock at Bombay, up to the present time, has been about 240,000 *l.*; and has been charged, year by year, in the Home Accounts under the heading of "Public Works, Ordinary, Stores for India."

The expenditure required to complete the dock will probably not exceed 10,000 *l.*, unless a proposal now under consideration is carried into effect, to add to it three pontoons for docking smaller vessels, at a further cost of about 75,000 *l.* No estimate can be given of the cost of works, and shops attached to it, until it is decided what kind of repairs will be carried on, and how far the plant at present in Bombay can be employed for the purpose.

The Hydraulic Dock was erected in consequence of the urgent representations of the Governments of India and Bombay, respecting the want, which attracted great attention in 1866, of dock accommodation at Bombay, chiefly for the Government transports, but also for the increasing number of iron ships in the mercantile fleet, the existing docks being only accessible at spring-tides. Many of the objections that existed to the construction of a masonry or floating dock, would, it was considered, be obviated by the use of Mr. Clark's Hydraulic Lift Graving Dock.

It is anticipated that, if furnished with pontoons of various sizes, it may be of the greatest use for docking all kinds of vessels.

The lift was constructed by Messrs. Emerson & Murgatroyd, of Stockport, under the superintendence of Mr. Edwin Clark, the patentee, the expenditure being supervised by the Director General of Stores on behalf of the Secretary of State in Council.

The Hydraulic Dock was selected on the recommendation of Colonel Kennedy, Secretary to the Bombay Government in the Public Works Department (who was instructed to visit the chief dockyards in England, and report on the various kinds of floating docks in use, to which, however, he considered the hydraulic lift preferable), of Captain Sherard Osborn, R.N., who was also personally acquainted with the harbour of Bombay, and of Mr. Scamp, Deputy Director of Engineering at the Admiralty.

W. T. Thornton.

Public Works Department, 29th July 1872.

Appendix, No. 17.

PAPER handed in by Mr. *Harrison.*

Appendix, No. 17.

STATEMENT of CIRCULATION and RESERVE of PAPER CURRENCY on 31st March 1871.

	£.
Reserve in silver coin - - - - - - - - - - -	6,645,452
Ditto - bullion - - - - - - - - - - -	557,386
Ditto - gold bullion - - - - - - - - - -	7,252
Ditto - Government securities - - - - -	3,227,201
£.	10,437,291

INDIAN PAPER CURRENCY.

ACCOUNT of the PROFITS of the CURRENCY NOTE CIRCULATION, and of the CHARGES and EXPENSES incidental thereto during the Year 1870–71, or from April 1870 to March 1871.

CHARGES AND EXPENSES.	£.	PROFITS.	£.
Salaries of Commissioners and Assistant Commissioners - -	6,037	Interest realised on Government securities - - - - - -	149,038
Establishment - - - -	13,853	Miscellaneous - - - -	347
Temporary establishment - -	281		
Contingencies - - - -	1,714		
Stationery - - - - -	150		
Printing charges - - - -	326		
Commission, and paid for selling and purchasing Government securities	1,150		
Service postage - - - -	38		
Cost of currency note forms - -	9,000		
Repairs to currency buildings -	373		
House, lighting, police, and water rates	585		
Service telegrams - - - -	9		
Purchase of a Spiller's patent punch	107		
£.	33,623	£.	149,385

Appendix, No. 18.

PAPER supplied by Messrs. *Harrison* and *Gay*.

RETURN showing the INCOME for 1870–71 of each LOCAL GOVERNMENT in *India*, from SIX important Heads of REVENUE, also the Cost of CIVIL ADMINISTRATION, and the Proportion which such Charges bear to the Revenue under these selected Heads.

Head of Revenue, Net. (*See* col. 3 of Accounts, pp. 12 to 20, of East Indian Finance and Revenue Accounts), for the Year 1870-71.	India.	Oudh.	Central Provinces.	British Burma.	Bengal.	North West Provinces.	Punjab.	Madras.	Bombay.	TOTAL.
	£.	£.	£	£.	£	£.	£.	£.	£	£
Land Revenue - - - - - - - - - - - - - - - -	23,963	1,321,798	604,669	595,406	3,940,803	4,123,186	1,966,297	4,389,764	3,584,887	20,550,773
Excise on Spirits and Drugs - - - - - - - - - - - - -	18,489	86,214	99,791	110,569	734,601	206,858	82,509	589,253	445,553	2,372,837
Stamps - - - - - - - - - - - - - - - -	5,183	94,520	97,555	47,271	732,066	319,572	231,975	392,290	554,171	2,474,603
Forests - - - - - - - - - - - - - - - -	7,523	4,020	64,650	81,801	10,323	34,985	94,156	33,965	115,141	446,564
Assessed Taxes - - - - - - - - - - - - - -	80,082	64,045	52,466	25,694	674,374	297,612	166,031	250,747	420,963	2,032,014
Law and Justice - - - - - - - - - - - - - -	37,776	13,707	25,030	22,278	260,543	125,366	55,567	86,557	76,696	703,520
TOTAL - - - £	173,016	1,584,304	944,161	883,019	6,351,710	5,107,579	2,596,535	5,742,576	5,197,411	28,580,311
Total Expenditure of the Civil Department (i.e, exclusive of Army and Public Works) - - - - - - - - - - -	6,050,810	544,214	613,419	496,913	5,446,411	1,972,248	1,436,921	2,568,017	4,112,129	23,271,082
Deduct the following Charges not falling under Administration										
Interest on Debt, Service Funds, &c. - - - - - - - - - -	3,266,675	42	- -	- -	9,812	1,342	637	88,607	123,506	3,490,621
Refunds - - - - - - - - - - - - - -	10,945	8,218	18,769	6,569	135,199	35,183	14,194	28,430	98,924	356,431
Cost of Opium supplied to Excise Department - - - - - - - -	87	1,856	399	10,614	101,061	19,384	- -	- -	64,323	197,724
Cost of Salt purchased for Retail Sale to the Public - - - - - -	- -	- -	- -	- -	- -	- -	- -	93,204	- -	93,204
Cost of Oude Opium purchased from Cultivators, and Manufacturing Charges -	- -	- -	- -	- -	1,907,875	- -	- -	- -	- -	1,907,875
Allowances and Assignments under Treaties and Engagements - - - -	164,474	75,785	71,660	- -	259,689	68,305	93,818	279,849	724,057	1,737,637
Allotment for Provincial Services - - - - - - - - - -	- -	9,399	11,994	- -	53,287	28,246	23,521	33,467	40,086	200,000
TOTAL Deductions - - - £.	3,442,181	95,300	102,822	17,183	2.466,923	152,460	132,170	523,557	1,050,896	7,983,492
Net Expenditure, being the Cost of Civil Administration - - - - -	2,608,629	448,914	540,597	479,730	2,979,488	1,819,788	1,304,751	2,044,460	3,061,233	15,267,590
Per-centage of Cost of Civil Administration on the Net Receipts of the Land Revenue, Excise Stamps, Forests, Assessed Taxes, and Law and Justice -	- -	28 34	57 25	54 33	46·90	35 62	50 25	35·60	58 89	53 49
	Proportion borne by the Total Civil Expenditure to the Total Income in the Civil Department under each Local Government.									
Total Income realised in the Civil Department - - - - - - - - - -	1,926,127	1,614,019	1,126,351	1,205,993	16,281,743	5,928,659	3,614,596	7,989,918	9,688,819	49,376,225
Total Civil Expenditure - - - - - - - - - - - - -	6,050,810	544,214	613,419	496,913	5,446,411	1,972,248	1,436,921	2,568,017	4,112,129	23,271,082
Per-centage of Expenditure on Income - - - - - - - - - - -	- -	33 71	57 12	41·20	33 45	33 26	39 75	32 14	42·44	47 13

Edward Harrison
E Gay

5 August 1872.

Appendix, No. 19.

PAPERS handed in by Mr. *Gay*.

ABSTRACT OF REVENUE APPOINTMENTS.

GOVERNMENT OF INDIA (COORG AND INDORE).

Land Revenue, 1870–71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870–71.	Proportional Cost		
					Per Head of Population.	Per Square Mile of Area.	Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	£. *s.* *d.*	£. *s.* *d.*	£. *s.* *d.*
24,071	111,830	2,400	46	8,684	– 1 6·636	3 12 4·4	36 1 6·385

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.							Monthly Salaries.	TOTAL Estimated Charge for 1870–71.
Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations		
Europeans	Natives.	Europeans.	Natives	Europeans				
							Rs. *Rs.*	*Rs.*
–	–	–	–	1	1	Superintendent	1,200	14,400
–	–	–	–	1	1	Assistant Superintendent	500	6,000
–	–	–	1	–	1	Ditto	300	3,600
								24,000
–	–	–	6	–	6	Soubadars	35 to 50	2,940
–	–	–	133	–	133	Clerks, &c.	8 to 30	36,640
–	–	–	202	–	202	Servants	5 to 9	13,600
								77,180
						Contingent Charges for Stationery, Office Expenses, &c.		8,740
						Travelling Expenses		5,800
						Allotment to Municipal Fund		10,000
								101,720
						Charges at Indore, being the moiety of the pay and charges of the Maunpore Purgunnah Establishment		950
–	–	–	342	2	344		*Rs.*	102,670

NORTH WESTERN PROVINCES.

Land Revenue, 1870–71.	Population	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870–71.	Proportional Cost		
					Per Head of Population.	Per Square Mile of Area.	Per Cent on Revenue Collected.
£.		*Sq. Miles.*		£.	£. *s.* *d.*	£. *s.* *d.*	£. *s.* *d.*
4,135,518	30,039,854	83,380	360	307,636	– – 2·457	3 13 9·495	7 8 9·329

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.

Covenanted.		Uncovenanted.		Military Officers.	Number	Designations	Monthly Salaries.	TOTAL Estimated Charge for 1870–71
Europeans	Natives.	Europeans	Natives.	Europeans.				
							Rs. *Rs.*	*Rs.*
27	–	–	–	–	27	Collectors and Magistrates - -	2,250 - -	7,29,000
1	–	–	–	–	1	Joint Magistrates and Deputy Collectors	1,500 - -	18,000
22	–	–	–	–	22	- - ditto - - ditto - - -	1,000 - -	2,64,000
9	–	–	–	–	9	- - ditto - - ditto - - -	700 - -	75,600
1	–	–	–	–	1	- - ditto - - ditto - - -	400 - -	4,800
63	–	–	–	–	63	Assistant Magistrates and Collectors, 1st Class.	450 to 500	3,61,800
	–	–	–	–		Assistant Magistrates and Collectors, Second Class.	400 - -	
1	–	–	–	3	4	Deputy Commissioners - - -	1,000 to 1,667	70,000
–	–	4	–	7	11	Assistant Commissioners - - -	400 to 800	82,800
								16,06,000
						Deduct—		
						Moiety of Salaries charged under Law and Justice to "Criminal Courts."	- - -	8,03,000
								8,03,000
–	–	11	32	–	43	Deputy Collectors - - - -	250 to 800	2,07,240
–	–	9	5	–	14	Extra Assistant Commissioners -	- - -	45,200
						Deputation Allowance - - -	- - -	2,115
–	–	2	170	–	172	Tehsildars - - - - - -	75 to 225	3,57,540
–	–	17	6,591	–	6,608	Subordinate Establishment - -	- - -	11,73,130
								25,88,225
						Deduct amount of probable savings - -		1,00,000
								24,88,225
						Contingent Charges, including Office Expenses and Miscellaneous.		1,21,201
						Travelling and Tentage Allowances of Officers and of Establishments.		39,433
						Official Postage and Purchase of Service Stamps (actual)		2,03,928
						Charges for the Service of Processes - - - - -		55,355
								29,08,142
						Charges on account of Government Estates (actual) -		90,330
124	–	43	6,798	10	6,975		*Rs.*	29,98,472

BRITISH BURMAH.

Land Revenue, 1870-71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870-71.	Proportional Cost		
					Per Head of Population.	Per Square Mile of Area.	Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	£. s. d.	£. s. d.	£. s. d.
597,620	2,355,614	71,957	32	89,138	– – 9·081	1 4 9·304	14 18 3·719

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.							Monthly Salaries.	TOTAL Estimated Charge for 1870-71.
Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations.		
Europeans	Natives.	Europeans.	Natives.	Europeans.				
							Rs. *Rs.*	*Rs.*
–	–	4	–	9	13	Deputy Commissioners - - -	1,000 to 1,833	2,44,000
–	–	12	–	10	22	Assistant Commissioners - - -	500 to 800	1,65,000
–	–	3	79	–	82	Extra Assistant Commissioners -	100 to 500	1,46,340
								5,55,340
						Deduct— Moiety of Salaries charged under Law and Justice to "Criminal Courts."	- - -	2,77,670
								2,77,670
–	–	–	2	–	2	Tehsildars - - - - - -	120 to 150	3,240
–	–	14	363	–	377	Subordinate Establishment (less 16,602 rupees moiety of Myook's Establishments and Servants charged to "Criminal Courts").	- - -	1,40,595
						Office Expenses and Miscellaneous - - - - -		12,600
						Travelling and Tentage Allowances of Officers - -		11,400
						Official Postage - - - - - - - - - -		3,472
								4,48,977
						*Commission on Collection of Land Tax (actual) - -		4,53,110
–	–	33	444	19	496		*Rs.*	9,02,087

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* (Allowed at 10 per cent. on Collections up to 600 *l.*, and at 5 per cent. on sums in excess of that amount.)

BOMBAY.

Land Revenue, 1870-71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870-71.	Proportional Cost: Per Head of Population.	Proportional Cost: Per Square Mile of Area.	Proportional Cost: Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	*£. s. d.*	*£. s. d.*	*£. s. d.*
3,595,895	12,220,047	131,280	93	581,898	– – 11·428	4 8 7·798	16 3 7·748

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.

Covenanted. Europeans.	Covenanted. Natives.	Uncovenanted. Europeans.	Uncovenanted. Natives	Military Officers. Europeans.	Number	Designations.	Monthly Salaries. Rs.	*Rs.*	*a.*	*p.*	Total Estimated Charge for 1870-71. *Rs.*
12	–	–	–	–	12	Collectors and Magistrates	2,325		-	-	3,35,000
8	–	–	–	–	8	Ditto	1,800		-	-	1,73,000
1	–	–	–	–	1	Assistant Collector	1,400		-	-	16,800
17	–	–	–	–	17	First Assistant Magistrates and Collectors.	800		-	-	1,63,000
2	–	–	–	–	2	Ditto - ditto	700 to 750		–	–	17,000
3	–	–	–	–	3	Second Assistant Magistrates and Collectors.	600		-	-	21,000
14	–	–	–	–	14	Ditto - ditto	550		-	-	99,000
26	–	–	–	–	26	Extra on Supernumerary Assistant Magistrates and Collectors.	500		-	-	1,56,000
13	–	–	–	–	13	Ditto - ditto	400 to 450		–	–	70,000
											10,50,800
						Deduct— Moiety of Salaries charged under Law and Justice to "Criminal Courts."	- - - - -				5,25,400
											5,25,400
1	–	–	–	–	1	Collector of Bombay	2,500		-	-	30,000
–	–	6	17	–	33	Huzoor Deputy Collectors	350 to 500		–	–	* 86,000
–	–	2	8	–		District Deputy Collectors	300		-	-	
–	–	–	7	–	7	Assistant Collectors and Probationers.	90 to	311	1	9	25,000
–	–	–	154	–	154	Dufterdars and Mamlutdars	100 to 250		–	–	3,32,460
						Subordinate Establishment - - - - - -					15,94,540
						Contingent Charges:					
						Rent of Offices, Remittance of Treasure, Law Charges, Redemption of Alienated Lands, Office Expenses, and Miscellaneous.					3,81,000
						Travelling and Tentage Allowances of Officers and Establishments.					2,37,000
						Official Postage and Purchase of Service Stamps - -					1,40,384
											33,51,784
						Allowances to District and Village Officers (actual) -					21,67,290
						Revenue Service Lands adjusted (actual) - - -					2,89,797
97	–	8	186	–	291	*Rs.*					58,08,871

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* Only a moiety shown here.

CENTRAL PROVINCES.

Land Revenue, 1870–71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870–71.	Proportional Cost: Per Head of Population.	Proportional Cost: Per Square Mile of Area.	Proportional Cost: Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	£. *s.* *d.*	£. *s.* *d.*	£. *s.* *d.*
604,853	9,104,511	114,718	79	70,107	– – 1·848	– 12 2·669	11 11 9·780

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.

Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations.	Monthly Salaries.	TOTAL EstimatedCharge for 1870–71.
Europeans.	Natives.	Europeans.	Natives.	Europeans.				
							Rs. *Rs.* *a.* *p.*	*Rs.*
4	–	–	–	14	18	Deputy Commissioners - -	1,000 to 1,833 5 4	3,04,000
10	–	–	–	7	17	Assistant Commissioners - -	500 to 700 – –	1,23,600
–	–	15	14	–	29	Extra Assistant Commissioners -	250 to 500 – –	1,18,200
–	–	1	–	–	1	Assistant to Deputy Commissioner, Upper Godavery District.	- - - -	1,800
								5,47,600
						Deduct—		
						Moiety of Salaries Charged under Law and Justice to "Criminal Courts."		2,73,800
								2,73,800
–	–	–	44	–	44	Tehsildars, 75 rupees to 200 rupees - - - - -		81,192
	–	7	1,431	–	1,438	Subordinate Establishment - - - - - - -		2,34,516
						Contingent Charges:		
						Rent, Remittance of Treasure, Stationery, Furniture, Tents, Carriage of Tents, Office Expenses, and Miscellaneous.		61,746
						Travelling and Tentage Allowances - - - - -		16,300
						Official Postage (actual) - - - - - - -		50,304
14	–	23	1,489	21	1,547		*Rs.*	7,17,858

PUNJAB.

Land Revenue, 1870-71.	Population	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870-71	Proportional Cost		
					Per Head of Population.	Per Square Mile of Area.	Per Cent on Revenue Collected.
£.		*Sq. Miles.*		£.	£. s. d.	£. s. d.	£. s. d.
1,969,292	17,611,498	101,830	172	172,335	– – 2·348	1 13 10·171	8 15 0·267

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.							Monthly Salaries.	TOTAL Estimated Charge for 1870-71.
Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations.		
Europeans	Natives	Europeans	Natives	Europeans				
							Rs.	*Rs*
6	–	–	–	26	32	Deputy Commissioners - - -	1,600 to 3,000	6,22,000
21		4	–	23	48	Assistant ditto - - - - -	480 to 960	3,84,000
–	–	21	45	–	66	Extra Assistant ditto - - -	300 to 720	3,10,500
								13,16,500
						Deduct amount of probable savings - - - -		36,500
								12,80,000
						Deduct— Moiety of Salaries charged to "Criminal Courts" - -		6,40,000
								6,40,000
						Deputation Allowance not caused by absence of Officers		2,610
								6,42,610
	–	1	98	–	99	Tehsildars, 100 rupees to 200 rupees - - - -		1,87,800
–	–	44	5,909	–	5,953	Subordinate Establishment, 4 rupees to 225 rupees -		* 6,61,570
						Contingent Charges, Stationery, Office Expenses, &c. -		63,387
						Travelling and Tentage Allowances - - - - -		24,050
						Postage Charges (Actual) - - - - - - -		1,18,055
						Rukhs and Grazing Lands - - - - - -		18,921
								17,16,393
						Allowances to Frontier Chiefs (Actual) - - - -		20,700
27	–	70	6,052	49	6,198		*Rs.*	17,37,093

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* Exclusive of the Amount chargeable to Judicial.

MADRAS.

Land Revenue, 1870–71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870–71.	Proportional Cost Per Head of Population.	Proportional Cost Per Square Mile of Area.	Proportional Cost Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	£. s. d.	£. s. d.	£. s. d.
4,397,803	26,539,136	143,382	185	339,325	– – 3·068	2 7 3·979	7 14 3·786

OFFICERS, &c., EMPLOYED IN THE LAND REVENUE ADMINISTRATION.

Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations.	Monthly Salaries.	TOTAL Estimated Charge for 1870–71.
Europeans.	Natives.	Europeans.	Natives.	Europeans.				
							Rs. a. p. Rs. a. p.	*Rs.*
1	–	–	–	–	1	Collector and Magistrate, 1st Grade.	– – 2,850 – –	34,200
18	–	–	–	–	18	Collector and Magistrate, 2nd Grade.	– – 2,333⅓ – –	5,04,000
1	–	–	–	–	1	Commissioner, Neilgherries (Moiety of Salary*).	– – 1,000 – –	12,000
1	–	–	–	–	1	Assistant Commissioner, Neilgherries (Moiety of Salary*).	– – 366 10 8	4,400
16	–	–	–	–	16	Sub-Collectors, 1st Grade -	– – 1,166⅔ – –	2,24,000
18	–	–	–	–	18	Head Assistant Collectors -	487 – 5 to 1,027 3 –	1,58,400
54	–	–	–	–	54	Assistant Collectors - -	427 – – to 602 – –	3,06,600
–	–	15	24	–	39	Deputy Collectors and Magistrates.	250 – – to 600 – –	1,80,600
–	–	9	147	–	156	Tehseeldars or Mamlutdars -	150 – – to 250 – –	3,52,200
–	–	65	3,037	–	3,102	Subordinate Establishment -	2 – – to 250 – –	18,27,500
						Contingent Charges:		
						Rent of Offices, Medical Charges, Office Expenses, and Miscellaneous.		1,17,900
						Travelling and Tentage Allowances of Officers and Establishments.		2,36,200
								39,58,000
						Deduct,—		
						One-fifth of Salaries, Establishments, and Contingencies charged under Law and Justice to "Criminal Courts."		7,88,320
								31,69,680
						Miscellaneous:		
						Remittance of Treasure, Law Charges, Telegrams, &c. -		54,600
						Postage Charges, and for Service Stamps (actual) - -		1,82,030
								34,06,310
						Deduct,—		
						Four-fifths of 61,180 rupees, reduced by Government of Madras.		48,940
109	–	89	3,208	–	3,406	TOTAL Collectors, &c., Establishments - - - *Rs.*		33,57,370

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* The other moiety charged to Law and Justice.

OUDE.

Land Revenue, 1870-71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870-71	Proportional Cost: Per Head of Population.	Proportional Cost: Per Square Mile of Area.	Proportional Cost: Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		£.	£. s. d.	£. s. d.	£. s. d.
1,324,604	11,198·095	23,795	470	62,977	– – 1·349	2 12 11·195	4 15 1·056

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.							Monthly Salaries.	TOTAL Estimated Charge for 1870-71.
Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations		
Europeans	Natives.	Europeans	Natives.	Europeans.				
							Rs. *a.* *p.* *Rs.* *a.* *p.*	*Rs.*
7	–	3	–	2	12	Deputy Commissioners	1,333 5 4 to 1,833 5 4	2,32,000
13	–	6	2	7	23	Assistant Commissioners	500 – – to 800 – –	2,04,000
–	–	7	13	–	20	Extra Assistant Commissioners.	250 – – to 600 – –	82,200
								5,18,200
						Deduct amount of probable savings		30,000
								4,88,200
						Deduct,— Moiety of Salaries Charged to "Criminal Courts"		2,44,100
								2,44,100
						Deputation Allowance not caused by absence of Officers		10,000
–	–	–	39	–	39	Tehsildars (or Mamlutdars, 100 rupees to 200 rupees)		81,000
–	–	16	1,171	–	1,187	Subordinate Establishment		246,888
						Contingent Charges, Office Expenses		22,706
						Travelling Expenses and Tentage Allowances		7,975
						Postage Charges		23,435
						Charges for the Service of Revenue Process		22,594
20	–	32	1,225	9	1,286		*Rs.*	658,698

BENGAL.

Land Revenue, 1870–71.	Population.	Area.	Proportion of Population to Square Mile of Area.	Cost of Land Revenue Administration (exclusive of Survey and Settlement Charges) in 1870–71.	Proportional Cost		
					Per Head of Population.	Per Square Mile of Area.	Per Cent. on Revenue Collected.
£.		*Sq. Miles.*		*£.*	*£. s. d.*	*£. s. d.*	*£. s. d.*
3,973,167	35,331,483	274,461	128	317,963	– – 2·159	1 8 2·039	8 – –·662

OFFICERS EMPLOYED IN THE LAND REVENUE ADMINISTRATION.							Monthly Salaries.	TOTAL Estimated Charge for 1870–71.
Covenanted.		Uncovenanted.		Military Officers.	Number.	Designations.		
Europeans.	Natives.	Europeans.	Natives.	Europeans.				
							Rs. *Rs.*	*Rs.*
23	–	–	–	–	23	Collectors and Magistrates, 1st Grade	1,916 - -	5,29,000
13	–	–	–	–	13	Collectors and Magistrates, 2nd Grade	1,500 - -	2,34,000
22	–	–	–	–	22	Joint Magistrates and Deputy Collectors, 1st Grade.	900 - -	2,37,600
11	–	–	–	–	11	Joint Magistrates and Deputy Collectors, 2nd Grade.	700 - -	92,400
87	–	–	–	–	87	Assistant Magistrates and Collectors, 1st Class.	450 to 500	504,000
18	–	–	–	–	18	Assistant Magistrates and Collectors, 2nd Class.	400 - -	86,400
–	–	53	149	–	202	Deputy Collectors and Magistrates -	200 to 700	873,600
3	–	1	–	15	19	Deputy Commissioners - - - -	600 to 1,500	3,40,000
1	–	4	–	16	21	Assistant Commissioners - - -	400 to 600	1,70,400
–	–	25	6	–	31	Extra Assistant Commissioners -	200 to 500	1,47,000
–	–	–	2	–	2	Sub-Assistant Commissioners - -	900 - -	1,800
								32,16,200
						Deduct—		
						Amount retrenched from Salaries of Covenanted Officers.	- - -	3,00,000
								29,16,200
						Deduct—		
						Moiety of Salaries charged under Law and Justice to Criminal Courts.	- - -	14,58,100
								14,58,100
–	–	–	5	–	5	Supernumerary Deputy Collectors and Magistrates.	150 to 200	11,400
–	–	10	3,326	–	3,336	Subordinate Establishments - -	- - - -	7,65,559
						Contingencies:		
						Rent of Offices, Remittance of Treasure, Law Charges, Malikana Stationery, Office Expenses, and Miscellaneous.		4,43,480
						Travelling Expenses and Tentage Allowances of Officers and Establishment.		80,000
						Postage Charges (Actual) - - - - - -		96,182
						Charges for the Service of Revenue Processes (Actual) -		1,24,382
						TOTAL Collectors, &c., Establishments - - - *Rs.*		29,79,103
						Charges on account of Government Estates (Actual) -		1,52,450
178	–	93	3,488	31	3,790		*Rs.*	31,31,553

Appendix, No. 19.

QUESTION relative to the Strength of the INDIAN CIVIL SERVICE and the Principle on which the Supply to that Service is regulated.

(Questions 3633, 3634.)

1. THE Governments in India annually state the numbers which will be required to fill vacancies in the Civil Service of the different Presidencies. The applications are made, not with reference to immediate wants, but prospectively as to what will be required after three years. In 1869 applications are made with reference to the numbers which will be required in 1872.

2. The principle on which the applications are regulated may be thus explained. Bombay may be taken as an example. In that Presidency there are, in round numbers, 42 headships of departments which, by law, must be held by members of the Civil Service. To each of these heads of departments are attached, on an average, two assistants. These raise up the total number of offices to be held by civilians to 126. Then the Government has to consider that about 26 members of the service will be in England on furlough or medical certificates. It follows then that the Government will require that its covenanted Civil Establishment shall consist of 152 members. The Government makes its requisitions with the view of maintaining the service at that strength.

3. The same plan is followed by the other Governments.

4. The only representation made as to excessive numbers in the Civil Service has proceeded from Bombay, in which Presidency it may be admitted, that at the present moment the service is overstocked.

5. The Goverment of Bombay at the end of 1869, stated that it had, in its requisitions for 1870 and 1871, applied for 19 more civilians than it actually wanted.

6. It was found very difficult to rectify this error because the Government of India, in its requisition for 1872, lowered its usual demand by eight, and thus prevented a transfer from Bombay. But the fact that the number of civilians in Bombay is excessive is recognised, and the evil is under process of gradual diminution.

7. It may be stated that in 1840 the numbers of the Bombay Civil Service stood at 133. It is now about 173. But since 1840 Sind, Sattara, Canara (taken from Madras), several large Jagheers in the Southern Mahratta country, and some cessions from Sindia, have been added to the Bombay Presidency. Taking these facts into consideration, it may be suggested that the Bombay Civil Service is, at the present time, numerically stronger by about 20 than it ought to be.

8. There is no reason to suppose that in other parts of India the covenanted Civil Service is overstocked.

9. With respect to the question of whether there is a disposition to displace military officers by civilians, it is possibly true that there is, to a very limited extent, such a disposition. That limited extent may be thus explained. In all acquisitions of territory in the early stage of British rule the administration may fairly be entrusted to military officers; but when the time comes for the more exact operation of the regulations, civilians must be employed. Under this view it is probable that in the Punjaub, Oude, Sind, and the Central Provinces, civilians have, in recent years, been more frequently employed. In addition to this cause it may be stated that it has been felt that civilians should be more employed than was formerly the case in the Political Department, and it is probable that on the occurrence of vacancies in late years they have been nominated more frequently than usual to appointments in that Department.

H. L. Anderson, Secretary,
July 25. Judicial, Revenue, and Public Departments.

Appendix, No. 20.

Appendix, No. 20.

PAPERS handed in by Mr. *Seccombe*, 11th May 1872, with reference to his Evidence on the 28th April 1871.

STATEMENTS furnished by the several Local Governments and Administrations in *India* of the Number of Persons Assessed, and the Amounts Collected, under the several INCOME, LICENSE, and CERTIFICATE TAXES, from 1860–61 to 1870–71.

(No. 118 of 1872.)

Government of India.—Financial Department.—Accounts.

To His Grace the Duke of *Argyll*, K.T., Her Majesty's Secretary of State for India.

My Lord Duke,

Fort William, 5 April 1872.

WITH reference to paragraph 2 of your Grace's financial Despatch, No. 142, dated the 4th May 1871, we have the honour to forward the statements specified in the margin, containing the statistics which have been obtained from the local Governments and Administrations in India of the number of persons assessed and the amounts collected under the several income, license, and certificate taxes from 1860–61 to 1870–71.

I.

Income Tax.—A. Statement showing the number of persons assessed and amounts realised under Acts XXXII. and XXXIX. of 1860, exclusive of deduction from the salaries of Government servants.

B. Statement showing the number of persons assessed and amounts realised under Acts IX. and XXIII. of 1869 and XVI. of 1870, exclusive of deductions from the salaries of Government servants

License Tax.—C. Statement showing the number of persons assessed and the amounts realised under Acts XXI. and XXVII. of 1867.

Certificate Tax.—D. Statement showing the number of persons assessed, and the amounts realised, under Act IX. of 1868, exclusive of deductions from the salaries of Government servants.

II.

Statement showing the number of officers employed in the assessment of the several income, license, and certificate taxes, and the allowances paid to them for the years 1860–61 to 1870–71

III.

Statement showing the number of Government servants in the Civil, Public Works, and Military Departments, from whose salaries deductions have been made on account of the several taxes from 1860–61 to 1870–71, and the amount of such deductions during each year.

We have, &c.

(signed) *Napier.*
John Strachey.
R. Temple.
J. F. Stephen.
B. H. Ellis.
H. W. Norman.

I. A.—INCOME TAX.

STATEMENT showing the Number of Persons Assessed and Amounts realised under Acts XXXII. and XXXIX. of 1860, XXI. of 1861, XVI. of 1862, and XXVII. of 1863, exclusive of Deductions from the Salaries of Government Servants.

	1860-61. Rate—3, 2, 1 per cent.		1861-62. Rate—3, 2, 1 per cent.		1862-63. Rate—3, 1 per cent		1863-64 Rate—2, 1 per cent.		1864-65. Rate—2, 1 per cent.		TOTAL.	
	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons	Amount.	Number of Persons	Amount.	Number of Persons.	Amount.	Number of Persons.	Amount.
		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Bengal	276,482	63,74,741	278,482	57,91,963	72,544	45,65,267	69,140	32,49,514	64,210	30,33,201	760,858	2,30,14,686
Madras	98,461	12,52,827	139,529	16,72,486	85,029	13,52,666	39,606	8,97,288	37,552	8,61,496	400,177	60,36,763
Bombay	212,262	31,96,237	218,968	34,10,290	43,341	32,92,066	45,288	27,88,451	47,400	32,35,810	567,259	1,59,22,854
North West Provinces	183,577	(a) 32,69,950	200,493	32,43,514	41,055	22,71,263	39,905	16,60,029	38,847	15,91,453	503,877	1,20,36,209
Punjab	(b)	4,01,911	(c) 76,034	7,03,741	(c) 53,453	4,34,364	(c) 13,621	3,67,717	(c) 24,514	4,13,824	(c) 167,622	23,21,557
Oudh (d)	26,735	2,80,298	44,238	3,46,433	3,963	3,95,285	1,607	2,57,241	1,539	2,34,921	78,082	15,14,178
British Burmah (e)	19,391	2,34,758	33,102	2,34,964	3,355	1,31,512	2,179	99,407	3,172	87,102	61,199	7,87,743
Central Provinces	(f) 25,606	2,28,003	(f) 26,192	3,37,680	5,660	2,65,305	(g) 5,660	1,87,098	(g) 5,660	(h) 3,65,073	68,778	13,83,159
TOTAL	842,514	1,52,38,725	10,17,038	1,57,41,071	308,400	1,27,07,728	217,006	95,06,745	222,894	98,22,880	2,607,852	6,30,17,149

(a) Includes 2,03,700 rupees realised from lump assessments in the districts of Allahabad and Benares—

	Rs
Allahabad	80,000
Benares	1,23,700
	2,03,700

(b) Number not given by the Punjab Government.

(c) Apparently include Government servants; but the local Government does not show the two classes separately.

(d) The "number of persons" assessed is not given for three districts in Oudh, because the records of two districts appertaining to the income tax assessments under Act XXXII. of 1860, were destroyed by white ants, and those of another were either sold or destroyed in 1865 as old and useless records.

(e) In some districts in British Burmah collections for certain years cannot be ascertained, while in others no details can be furnished as to numbers assessed under the several classifications These omissions are owing to records having in some instances been destroyed by white ants, and to their being otherwise incomplete.

(f) These are not accurate figures, as the number given is said "to include a double and triple enumeration of the same person when assessed under more than one of the schedules."

(g) Information of the number of persons assessed in 1863-64 and 1864-65 is wanting, and the Chief Commissioner says "it would be difficult now to ascertain the number, though it would not be wrong to assume it at about the number assessed in 1862-63, in which year the first classified returns were called for from districts, and the number of persons assessed under all schedules was then for the first time ascertained."

(h) Includes 1,77,639 rupees realised in 1865-66.

I. B.—INCOME TAX—*continued.*

STATEMENT showing the Number of Persons Assessed and Amounts realised under Acts IX. and XXIII. of 1869, and XVI. of 1870, exclusive of Deductions from the Salaries of Government Servants.

ACTS IX. and XXIII. of 1869. 1869–70.—RATE 1½ PER CENT. PER ANNUM.

	CLASS I. Incomes of 500 Rupees and less than 1,000 Rupees.		CLASS II. Incomes of 1,000 Rupees and less than 2,000 Rupees.		CLASS III. Incomes of 2,000 Rupees and less than 10,000 Rupees		CLASS IV. Incomes of 10,000 Rupees and less than 100,000 Rupees.		CLASS V. Incomes of 1,00,000 Rupees and upwards.		TOTAL.	
	Number of Persons	Amount.	Number of Persons	Amount.	Number of Persons.	Amount	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons	Amount.
		Rs		Rs.		Rs.		Rs.		Rs.		Rs.
Bengal - - -	142,947	13,35,392	26,200	5,02,919	16,691	8,90,949	2,508	8,64,945	180	7,35,497	188,526	43,29,702
Madras - -	46,039	3,94,859	9,398	1,69,138	4,820	2,15,008	415	1,09,809	22	1,28,937	*a* 60,694	10,17,751
Bombay - -	79,371	5,85,434	37,127	4,13,659	14,749	5,32,570	1,456	3,56,187	208	3,66,187	132,911	22,54,037
North Western Provinces - -	54,143	4,87,900	12,359	2,40,785	7,107	3,62,031	838	2,37,060	21	36,137	74,468	13,63,913
Punjab - - -	25,229	2,54,908	5,280	1,05,608	2,031	1,05,898	158	46,468	2	5,161	32,700	5,18,043
Oudh - - -	7,159	76,567	1,475	28,643	998	41,889	434	57,398	386	97,572	10,452	3,02,069
British Burmah -	7,505	56,897	1,191	19,525	569	25,208	279	23,249	10	24,591	9,554	1,49,470
Central Provinces -	8,035	80,290	2,578	53,285	1,415	77,103	154	41,246	7	15,553	12,189	2,67,477
TOTAL - -	370,428	32,72,247	95,608	15,33,562	48,380	22,50,656	6,242	17,36,362	836	14,09,635	521,494	1,02,02,462

ACT XVI. of 1870. 1870–71.—RATE 3 and ⅛ PER CENT. PER ANNUM.

		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
Bengal - - -	92,189	19,75,262	19,789	8,86,147	11,737	15,10,211	1,725	12,57,977	122	13,42,641	1,25,562	69,72,238
Madras - -	37,563	6,79,775	6,526	2,53,421	3,000	3,11,141	317	*b* 1,70,310	29	*b* 2,37,844	47,435	16,52,491
Bombay - -	58,073	12,96,327	14,060	13,16,420	4,485	*c* 10,61,251	–	- -	–	- -	76,618	36,73,998
North Western Provinces - -	47,263	8,88,625	10,834	4,44,230	6,725	7,10,718	732	4,57,487	18	87,128	65,572	25,88,197
Punjab - - -	37,345	7,19,929	5,986	2,60,872	3,018	2,53,250	132	82,321	3	41,919	46,484	13,58,291
Oudh - - -	5,543	1,02,779	2,401	95,195	567	89,590	703	1,33,295	191	1,17,904	9,405	5,38,763
British Burmah -	3,916	70,106	542	18,925	356	32,013	44	20,872	8	34,274	4,866	1,76,190
Central Provinces - -	7,729	1,66,964	2,621	1,16,639	1,453	1,68,042	109	64,028	4	21,854	11,916	5,37,527
TOTAL - -	289,621	58,99,767	62,759	33,91,858	31,341	41,36,216	3,762	21,86,290	375	18,83,564	3,87,858	1,74,97,695

(*a*) Includes 70,019 rupees realised from 16 companies, as follows—

Class.	Number of Companies.	Amount.
		Rs
Class II. - - -	4	85
" III. - - -	5	306
" IV. - - -	4	1,626
" V. - - -	3	68,002
	16	70,019

(*b*) Includes *Rs* 1,22,821. 3. 2. realised from five companies, as follows—

Class.	Number of Companies.	Amount.
		Rs a. p.
Class IV. - - -	2	1,085 13 6
" V. - - -	3	1,21,735 5 8
	5	1,22,821 3 2

The collections under Acts IX. and XXIII. of 1869 in Madras, include the tax levied on the interest of Government securities, because as these Acts did not make provision for the separate levy of income tax on interest on Government securities as distinguished from the general class of incomes, the tax on interest was not shown separately in the collectors' accounts. But the tax from Government securities has been excluded from the collections under the Income Tax Act of 1860.

(*c*) This is the amount realised from incomes of "2,000 rupees and upwards." No separate figures are given for incomes under Classes IV. and V.

I. c.—LICENSE TAX.

STATEMENT showing the Number of Persons assessed and the Amounts realised under Acts XXI. and XXVII. of 1867, exclusive of Deductions from the Salaries of Government Servants.

1867-68.

	SCHEDULE A.													
	CLASS I. Profits 25,000 Rupees and upwards. Rate of Tax 500 Rupees.		CLASS II. Profits 10,000 Rupees less than 25,000 Rupees. Rate of Tax 200 Rupees.		CLASS III. Profits 5,000 Rupees less than 10,000 Rupees. Rate of Tax 100 Rupees		CLASS IV. Profits 1,000 Rupees less than 5,000 Rupees. Rate of Tax 20 Rupees.		CLASS V. Profits 500 Rupees less than 1,000 Rupees Rate of Tax 10 Rupees		CLASS VI. Profits 200 Rupees less than 500 Rupees Rate of Tax 4 Rupees		TOTAL.	
	Number of Persons	Amount.	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons.	Amount.	Number of Persons	Amount.
		Rs.		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs.*
Bengal - - - -	404	2,38,339	931	1,68,196	2,486	2,24,138	14,311	2,55,508	25,095	2,30,017	150,873	5,85,099	(*a*) 1,94,100	(*a*) 17,01,297
Madras - - - -	35	20,012	160	28,297	720	65,980	5,525	1,01,210	15,613	1,49,467	94,942	3,76,080	(*b*) 1,16,995	(*b*) 7,41,046
Bombay - - - -	19	11,000	90	18,000	1,387	2,79,118	14,055	3,09,399	30,413	2,45,031	135,681	5,41,816	(*c*) 1,81,645	(*c*) 14,04,364
North Western Provinces -	79	39,000	275	52,280	951	91,460	8,023	1,57,918	18,551	1,81,899	101,509	3,97,772	(*d*) 1,29,388	(*d*) 9,34,469
Punjab - - - -	10	5,000	69	7,800	221	22,120	2,504	50,078	7,992	79,971	59,482	2,38,042	70,248	4,03,011
Oudh - - - -	1	500	21	4,200	87	8,700	737	14,740	1,721	17,210	14,563	58,252	17,130	1,03,602
British Burmah - -	10	5,161	27	3,377	321	6,531	946	16,548	5,905	50,632	13,707	45,166	20,916	(*e*) 1,27,415
Central Provinces - -	Exempted from License Tax, being subject to Pandhari Tax under Act XIV. of 1867. *See* Financial Notification, No. 1897, dated 5th April 1867.													
TOTAL - - -	558	3,19,012	1,543	2,82,150	6,173	6,98,047	46,101	9,05,491	105,290	9,54,227	570,757	22,42,227	730,422	54,15,204

(*a*) Inclusive of realisations from 49 companies - - - - *Rs.* 71,526 under Schedule B.
(*b*) Ditto - - ditto - - 9 ditto - - - - 8,012 Ditto.
(*c*) Ditto - - ditto - - 52 ditto - - - - 56,620 Ditto.
(*d*) Ditto - - ditto - - 6 ditto - - - 4,000 Ditto, and 14,140 rupees realised after April 1868.
(*e*) Ditto - - ditto - - number unknown - - 3,011 Ditto.

I. D.—CERTIFICATE TAX.

STATEMENT showing the Number of Persons assessed and the Amounts realised under Act IX. of 1868, exclusive of Deductions from the Salaries of Government Servants.

1868-69.

	CLASS I. Profits 4 Lacs and upwards. Tax 6,400 Rupees.		CLASS II. Profits 2 Lacs less than 4 Lacs. Tax 3,200 Rupees.		CLASS III. Profits 1 Lac less than 2 Lacs Tax 1,600 Rupees.		CLASS IV. Profits 50,000 Rupees less than 1 Lac Tax 800 Rupees.		CLASS V. Profits 25,000 Rupees less than 50,000 Rupees Tax 400 Rupees.		CLASS VI. Profits 15,000 Rupees less than 25,000 Rupees. Tax 160 Rupees.		CLASS VII Profits 5,000 Rupees less than 10,000 Rupees Tax 80 Rupees.		CLASS VIII. Profits 2,500 Rupees less than 5,000 Rupees. Tax 40 Rupees		CLASS IX. Profits 1,000 Rupees less than 2,500 Rupees. Tax 16 Rupees.		CLASS X. Profits 500 Rupees less than 1,000 Rupees. Tax 8 Rupees.		TOTAL.	
	No. of Persons.	Amount.	No. of Persons.	Amount	No. of Persons.	Amount.	No. of Persons.	Amount.	No of Persons.	Amount.	No. of Persons.	Amount.	No of Persons.	Amount	No of Persons.	Amount.	No. of Persons.	Amount	No. of Persons.	Amount.	No. of Persons.	Amount.
		Rs.		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs*		*Rs.*		*Rs.*		*Rs.*
Bengal - - - -	3	19,200	6	19,200	35	56,000	99	79,200	261	1,04,400	695	1,11,120	1,485	1,18,580	3,844	1,53,620	14,023	2,24,240	46,940	3,75,046	67,391	12,60,606
Madras - - - -	–	–	1	3,200	4	6,400	8	4,800	50	19,102	203	31,175	635	48,133	1,875	70,622	6,695	1,03,956	24,124	1,90,104	(*a*) 33,595	(*a*) 4,77,492
Bombay - - - -	4	2,000	2	242	59	1,41,818	2	1,600	674	1,89,826	116	18,619	523	41,539	7,870	2,52,061	8,059	1,28,856	41,107	3,27,496	(*b*) 58,416	(*b*) 11,04,057
North Western Provinces -	–	–	1	3,200	5	8,000	12	9,600	62	24,620	245	38,312	659	51,734	1,733	68,623	6,851	1,09,224	24,726	1,95,041	34,294	5,08,354
Punjab - - - -	–	–	–	–	–	–	1	800	13	5,200	36	5,760	151	12,080	562	22,480	3,068	49,088	13,907	1,11,250	17,738	2,06,658
Oudh - - - -	–	–	–	–	–	–	–	–	5	2,000	25	4,000	70	5,292	222	9,105	777	12,751	2,295	18,600	3,394	51,748
British Burmah - -	7	6,900	8	3,525	41	2,320	191	7,042	12	4,136	30	4,645	50	3,642	523	15,848	838	13,521	4,207	25,827	5,907	87,406
Central Provinces - -	–	–	–	–	–	–	9	7,200	14	4,955	74	10,582	140	9,869	456	17,031	1,457	22,416	3,369	26,164	5,519	98,217
TOTAL - - -	14	28,100	18	29,367	144	2,14,538	322	1,10,242	1,091	3,54,239	1,424	2,24,213	3,713	2,90,869	17,085	6,09,390	41,768	6,64,052	160,675	12,69,528	226,254	37,94,538

(*a*) Inclusive of realisations from 8 companies - - - - - - - - - - - *Rs.* 8,473
(*b*) Ditto - - ditto - - 66 companies - - - - - - - - - - - 24,720

II.

STATEMENT showing the Number of Officers Employed in the Assessment of the several Income, License, and Certificate Taxes, and the Allowances Paid to them for the Years from 1860-61 to 1870-71.

	INCOME TAX.												LICENSE TAX.		CERTIFICATE TAX.		INCOME TAX				TOTAL.	
	1860-61.		1861-62.		1862-63.		1863-64.		1864-65.		1865-66.		1867-68.		1868-69.		1869-70.		1870-71.			
	Number of Officers	Yearly Allowance.	Number of Officers.	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers.	Yearly Allowance	Number of Officers	Yearly Allowance.
		Rs		*Rs.*		*Rs.*		*Rs*		*Rs.*		*Rs.*		*Rs.*		*Rs.*		*Rs*		*Rs.*		*Rs.*
Bengal (*a*) - - -	348	2,02,684	538	4,61,501	636	4,46,472	595	1,20,232	671	1,30,896	696	1,24,524	330	1,81,388	230	1,19,772	471	3,13,944	432	2,37,592	4,947	23,39,005
Madras (*b*) - - -	140	58,103	155	95,749	88	57,077	91	32,831	62	30,585	60	14,315	104	27,008	21	15,458	127	27,854	144	32,234	992	3,91,214
Bombay (*c*) - - -	625	1,59,224	7,775	2,14,167	4,969	1,22,985	4,757	1,08,379	4,863	1,12,696	7,167	71,530	827	68,280	1,737	46,745	313	45,249	332	51,175	33,365	10,00,430
North Western Provinces (*d*).	817	1,29,431	597	1,34,794	167	56,647	108	24,870	83	20,273	82	8,841	308	31,742	30	2,851	47	8,280	55	14,972	2,294	4,32,701
Punjab (*e*) - - -	–	1,609	–	24,344	–	27,591	–	24,085	–	7,354	–	1,246	–	9,240	–	3,600	–	5,200	–	9,250	–	1,13,519
Oudh (*d*) - - -	95	13,308	82	23,546	113	7,357	17	3,383	10	2,106	10	807	3	540	1	116	46	8,906	34	6,332	411	66,401
British Burmah (*f*) -	20	12,093	22	18,968	20	11,935	10	4,730	7	4,200	7	2,035	280	5,366	20	3,400	10	2,821	15	3,040	411	68,588
Central Provinces - -	123	17,314	128	14,953	14	895	1	300	1	300	1	75	17	223	3	747	19	611	6	699	313	36,117
TOTAL - - -	2,168	5,93,766	9,297	9,88,022	6,007	7,30,959	5,579	3,18,810	5,697	3,08,410	8,023	2,23,373	1,869	3,23,787	2,042	1,92,689	1,033	4,12,865	1,018	3,55,294	42,733	44,47,975

(*a*) Statement compiled from the Audit Registers, and includes for those years in which the assessment work was performed by the Calcutta collectorate, moiety of salary of every officer and employé in Calcutta collectorate employed on Income Tax work.

(*b*) The number of officers is the average for the several months in the year.

(*c*) These figures include village officers, such as patels, coolcurnees, tullatees, and the remuneration paid to them as follows —

Number of Officers Employed in the Collection of the Taxes.	Amount of Allowances Paid	Patels, Coolcurnees, Tullatees, Employed for the Assessment and Collection of the Taxes.		TOTAL.	
		Number.	Amount.		
	Rs.		*Rs.*		*Rs.*
2,026	8,76,265	31,349	1,24,165	33,375	10,00,430

(*d*) In these Provinces no special staff of assessors was employed in the assessment of the taxes, the number of men shown represents that of clerks, accountants, and mohurrirs employed by the tehsildars for this department.

(*e*) In the Punjab all district officers and cantonment magistrates were employed as assessors and collectors of the various taxes. They received no extra pay, but undertook those duties in addition to their ordinary work. Small extra establishments were entertained in some districts, while in others extra allowances were merely given to members of existing establishments.

(*f*) The number of officers in 1867-68 includes 275 thoogyees, who were allowed commission.

III.—STATEMENT showing the Number of Government Servants in the Civil, Public Works, and Military 1860-61 to 1870-71, and the Amount

		INCOME TAX.							
		1860-61.		1861-62.		1862-63.		1863-64.	
		Number of Officers.	Amount.	Number of Officers	Amount	Number of Officers.	Amount.	Number of Officers.	Amount.
			Rs.		Rs.		Rs.		Rs.
Bengal	Civil (a)	6,869	6,03,710	6,659	5,29,159	6,503	6,34,022	3,054	3,77,018
	Public Works	551	19 544	548	31,802	759	33,364	504	30,478
	Military	(i)1,822	3,22,516	(i)1,834	4,83,100	(i)1,842	4,85,156	(i)1,795	3,86,367
Madras	Civil (b)	6,920	1,73,353	6,455	2,49,761	5,944	2,60,819	2,797	2,17,859
	Public Works	1,061	25,675	1,094	42,970	980	38,201	552	28,283
	Military (c)	–	2,02,087	–	2,55,133	–	2,34,450	–	1,92,805
Bombay	Civil	5,492	2,11,840	5,665	2,67,076	5,394	2,93,598	2,522	2,61,686
	Public Works	539	31,536	550	38,120	578	42,127	433	27,491
	Military (c)	–	1,44,736	–	1,96,564	–	1,78,833	–	1,43,703
North Western Provinces	Civil	4,606	2,14,766	3,253	2,33,225	2,675	1,97,768	2,362	1,94,137
	Public Works	776	20,503	1,043	43,719	381	34,349	375	26,017
Punjab	Civil (d)	2,797	99,424	2,582	1,26,112	2,160	1,32,263	1,264	1,15,987
	Public Works	319	15,210	337	22,573	424	35,980	309	22,352
Oudh	Civil	1,094	44,739	1,163	64,369	1,058	62,280	551	49,169
	Public Works	116	4,304	165	5,821	189	7,632	102	6,063
British Burmah	Civil (e)	734	35,915	743	49,585	570	42,434	540	47,841
	Public Works	137	5,212	145	6,762	124	7,946	101	6,617
Central Provinces	Civil (f)	1,101	59,801	1,063	35,763	1,409	54,934	738	45,748
	Public Works	(m)	(m)	130	3,302	175	10,608	164	11,175
Hyderabad	Civil	Included in Government of India.		215	11,308	184	11,183	174	10,109
	Public Works	58	3,252	58	3,166	31	3,295	39	2,723
Mysore	Civil (g)	–	–	–	–	–	—	32	12,768
	Public Works	(n)	(n)	(n)	(n)	(n)	(n)	20	2,197
Coorg	Civil	Included in Government of India.				—	—	—	—
	Public Works	(n)	(n)	(n)	(n)	(n)	(n)	3	169
Central India	Civil	Included in Government of India.				—	—	—	—
	Public Works	(o)	(o)	(o)	(o)	(o)	(o)	(o)	(o)
Rajpootana	Civil	Included in Government of India				—	—	—	—
	Public Works	(p)	(p)	(p)	(p)	(p)	(p)	(p)	(p)
Port Blair	Civil	Included in Government of India.				—	—	—	—
	Public Works	(q)	(q)	(q)	(q)	(q)	(q)	(q)	(q)
Government of India (h)		4,563	2,45,384	4,611	2,33,751	4,850	2,51,821	2,162	2,07,021
TOTAL		39,495	24,83,537	38,313	29,33,141	36,230	30,53,063	20,593	24,24,783

(a) The figures for the License Tax have been obtained from the original vouchers; but as the submission of these returns would have been delayed if a similar course had been followed with respect to the other taxes, and as neither the original accounts nor the office abstracts and books showed more than the amount deducted on account of the tax in lump sum, the figures have been taken from the annual establishment books which have been carefully abstracted after check with the audit registers.

(b) The "Number of Officers" is the average for the several months in each year.

(c) For want of records the number of persons assessed cannot be given for the years 1860-61 to 1865-66 in Madras, and from 1860-61 to 1867-68 in Bombay.

(d) The deductions up to 1865-66 have been taken from the Audit Registers. In addition to the tax collected from salaries, the Accountant General has shown the following deductions from pensions:—

	Number of Pensions.	Amount of Tax.
		Rs
1860-61	12	163
1861-62	31	826
1862-63	33	840
1863-64	27	860
1864-65	44	2,125
1865-66	310	2,502
1867-68	Not shown	—
1868-69	348	6,374
1869-70	345	9,470
1870-71	433	19,250

Departments from whose Salaries Deductions have been made on account of the several Taxes from of such Deductions during each Year.

				LICENSE TAX.		CERTIFICATE TAX		INCOME TAX.			
1864-65		1865-66		1867-68		1868-69		1869-70		1870-71	
Number of Officers	Amount	Number of Officers.	Amount.	Number of Officers	Amount.	Number of Officers.	Amount.	Number of Officers	Amount	Number of Officers	Amount.
	Rs		*Rs*		*Rs*		*Rs*		*Rs*		*Rs*
3,259	6,40,037	3,251	75,295	1,806	1,03,340	2,309	92,634	5,130	2,48,419	5,173	5,13,259
533	28,922	542	8,528	288	12.475	569	12,847	1,042	32,804	985	65,186
1,836(i)	3,91,910	1,811(i)	1,07,621	857(k)	1,23,367	12,820(l)	1,03,842	14,631(l)	1,69,202	15,017(l)	3,43,502
3,042	2,06,229	3,120	52,184	1,269	75,011	2,987	66,998	3,328	1,41,966	3,311	2,50,709
897	27,359	460	7,793	214	10,550	258	8,777	795	21,958	772	42,490
–	1,87,058	—	51,535	563	58,723	679	54,765	1,153	98,285	1,299	2,06,093
2,561	2,58,106	2,007	67,895	1,798	93 003	2,411	82,024	3,804	1,56,839	3,992	3,68,598
443	34,738	488	9,886	355	17,389	553	11,864	792	28,284	810	59,198
–	1,53,404	—	40,129	–	46,280	6,726	46,092	12,492	82,724	13,780	1,82,116
2,504	1,62,869	2,443	41,177	1,153	70,156	2,422	57,547	3,254	1,20,368	3,111	2,59,624
490	26,287	564	7,109	189	9,380	431	7,751	494	20,290	536	47,736
1,343	1,07,259	1,402	24,809	831	45,477	983	41,334	2,201	83,155	2,003	1,61,360
322	23,064	315	7,939	252	11,428	382	8,880	817	25,025	1,036	66,003
547	38,522	509	11,764	314	17,863	818	16,309	1,100	40,427	1,165	85,192
103	5,552	79	1,256	65	2,270	96	2,542	215	4,470	166	10,919
901	48,479	636	13,217	358	15,775	410	13,526	783	30,364	809	65,355
129	9,675	113	2,657	92	3,420	119	2,206	236	5,169	165	10,624
738	52 443	527	14,533	368	22,057	553	14,735	1,378	33,796	1,589	69,150
161	10,789	144	3,904	104	4,725	114	3,602	253	8,246	225	14,199
135	9,671	237	5,026	134	7,660	228	9,095	787	19,857	885	46,610
36	2,429	35	659	20	1,180	31	820	85	2,412	134	7,561
38	11,646	39	2,976	50	7,336	67	5,250	94	10,463	151	25,619
21	2,524	27	1,219	44	1,960	52	1,510	150	4,459	187	9,387
—	—	—	—	—	—	—	—	—	—	—	—
6	124	3	53	2	120	5	91	10	258	10	382
—	—	—	—	—	—	—	—	—	—	—	—
29	1,405	29	774	73	2,575	115	2,445	214	5,528	176	11,836
—	—	—	—	—	—	—	—	—	—	—	—
13	508	11	253	10	279	39	729	103	2,518	85	4,708
—	—	—	—	—	—	—	—	—	—	—	—
(q)	(q)	(q)	(q)	(q)	(q)	(q)	(q)	14	384	16	956
2,155	1,85,229	2,354	49,720	1,258	65,152	1,284	56,165	3,213	1,28,655	2,828	2,85,779
22,142	26,26,238	21,146	6,09,911	12,467	8,28,951	37,511	7,24,380	58,568	15,26,325	60,416	32,14,151

(*e*) The figures up to 1863-64 were furnished by the Accountant General, Bengal The Returns from 1864-65 have been furnished by the Accountant General, British Burmah

(*f*) The realisations in 1860-61 were from Government servants in the Sagar and Narbada territories and the old Nagpur Province, and in the absence of vouchers, the number of Government servants in the latter province is approximate, being taken from the Audit Registers. The realisations for the other years are from the entire Central Provinces.

(*g*) The Income Tax was not in force in Mysore previous to the year 1863-64

(*h*) The figures under 1860-61 include realisations in some provinces of Nagpur and Haidarabad

(*i*) The statements for 1860-61 to 1865-66 inclusive show the approximate number of commissioned, warrant, and non-commissioned officers from whose salaries deductions on account of such taxes were made Approximate numbers, arrived at by a reference to the Army List and by comparison with the actual figures obtained from the records for the three years commencing with 1867-68 have been given, there being no records in the Military Account Department from which the actual numbers could be obtained

(*k*) Shows the actual number of commissioned, warrant, and non-commissioned officers

(*l*) Shows the average number of commissioned, warrant, and non-commissioned officers.

(*m*) Assessed in Civil Department; particulars not ascertainable,

(*n*) Acts not in operation in Mysore and Coorg during these years

(*o*) Included in Bombay and North Western Provinces Returns

(*p*) Included in Bombay Returns.

(*q*) Included in India and British Burmah Returns

Appendix, No. 20.

ABSTRACT.

Showing the Number of Persons Assessed, and the Amount of Tax realised in all India, from 1860-61 to 1870-71.

	General Public.		Government Servants.		TOTAL.	
1.	Number. 2.	Amount. 3.	Number. 4.	Amount. 5.	Of Cols. 2 & 4.	Of Cols. 3 & 5.
		Rs.		*Rs.*		*Rs.*
Income Tax, 1860-61 -	842,514	1,52,38,725	39,495	24,83,537	882,009	1,77,22,262
" 1861-62 -	1,017,038	1,57,41,071	38,313	29,33,141	1,055,351	1,86,74,212
" 1862-63 -	308,400	1,27,07,728	36,230	30,53,063	344,630	1,57,60,791
" 1863-64 -	217,006	95,06,745	20,593	24,24,783	237,599	1,19,31,528
" 1864-65 -	222,894	98,22,880	43,288	32,36,149	266,182	1,30,59,029
License Tax, 1867-68 -	730,422	54,15,204	12,467	8,28,951	742,889	62,44,155
Certificate Tax, 1868-69 -	226,254	37,94,538	37,511	7,24,380	263,765	45,18,918
Income Tax, 1869-70 -	521,494	1,02,02,462	58,568	15,26,325	580,062	1,17,28,787
" 1870-71 -	387,858	1,74,97,695	60,416	32,14,151	448,274	2,07,11,846

Showing the Number of Persons employed in Collecting the Tax, and the Allowances paid to them from 1860-61 to 1870-71.

	Number.	Amount.
		Rs.
1860-61 - - - - - - -	2,168	5,93,766
1861-62 - - - - - - -	9,297	9,88,022
1862-63 - - - - - - -	6,007	7,30,959
1863-64 - - - - - - -	5,579	3,18,810
1864-65 - - - - - - -	5,697	3,08,410
1865-66 - - - - - - -	8,023	2,23,373
1867-68 - - - - - - -	1,869	3,23,787
1868-69 - - - - - - -	2,042	1,92,689
1869-70 - - - - - - -	1,033	4,12,865
1870-71 - - - - - - -	1,018	3,55,294
TOTAL - - -	42,733	44,47,975

Appendix, No. 21.

PAPER handed in by Mr. *Seccombe*, 12 March 1872.

Appendix, No. 21.

MISCELLANEOUS PAYMENTS to be brought to Charge or Recovered in INDIA.

	£.	s.	d.
Interest of India Debt; Bills from India - - - - - -	1,027	7	-
Mission to Court of Persia, Bills drawn by - - - - -	24,429	12	6
Little Basses Light Vessel Dues; Payments to the Imperial Government - - - - - - - - - - -	6,440	19	11
Mysore Commissioner, Bills drawn by - - - - -	12,108	5	4
Stamps on Military Commissions; recoverable from the Officers -	2,139	-	-
Compensations awarded by Bonus Committees - - - -	2,894	17	-
Mysore Administration; Pay and Pensions chargeable thereto -	8,159	19	2
Prize Money - - - - - - - - - - -	4,023	15	4
Nizam's Contingent; Pay and Pensions - - - - - -	14,478	10	1
Miscellaneous Pay, &c., chargeable to other than Indian Revenues	6,541	11	3
His Highness the Nawab Nazim of Bengal, on account of his minority claims; chargeable against the Nizamut Deposit Fund	32,898	14	8
His Highness the Rajah of Kolhapoor, for Expenses during his stay in England, to be adjusted hereafter with the State of Kolhapoor - - - - - - - - - - -	20,000	-	-
The Admiralty; for Articles returned into Store at Calcutta, per Ships "Clyde," "Peeress," and "Harkaway" - - -	4,013	15	1
Bill, dated Alexandria, 23rd April 1870, drawn by Captain J. B. Willoughby, on account of certain Charges connected with the late Abyssinian Expedition, to be adjusted in India - - -	2,396	5	3
Sundries - - - - - - - - - - - -	3,737	15	3
£.	145,290	7	10

India Office,
11 March 1872.

T. W. Keith, Accountant.

Appendix, No. 22

Paper handed in by Mr. *E. F. Harrison.*

STATEMENT showing the SALARIES of the JUDGES and the Establishments of the High Courts at *Calcutta, Madras,*

	BENGAL.			MADRAS.		
	No.	Rupees per Annum.		No.	Rupees per Annum	
		Each.	Total.		Each.	Total.
HIGH COURT JUDGES:		*Rs*	*Rs*		*Rs.*	*Rs.*
Chief Justice	1	72,000	72,000	1	60,000	60,000
Puisne Judges—Barrister	5	50,000	2,50,000	1	45,000	45,000
Puisne Judges—Civilian	7	50,000	3,50,000	2	45,000	90,000
TOTAL - - -	13	- -	6,72,000	4	- -	1,95,000
HIGH COURTS—APPELLATE BRANCH:						
Registrar	1	20,400	20,400	1	19,200	19,200
Deputy Registrar	1	12,000	12,000	1	8,400	8,400
Reporter	1	9,000	9,000	1	4,800	4,800
Clerks, Translators, and Interpreters	180	192 to 6,000	200,764	61	144 to 3,000	52,440
Attendants	112	60 to 1,200	9,996	70	48 to 210	5,748
TOTAL - - -	295	- -	252,160	134	- -	90,588
HIGH COURTS—ORIGINAL BRANCH:						
Registrar	1	22,500	22,500	1	24,000	24,000
Assistant or Deputy Registrar (*a*)	1	9,000	9,000	1	9,600	9,600
Judge's Clerk	1	6,000	6,000	1	6,600	6,600
Clerk of the Crown	1	8,400	8,400	1	12,000	12,000
Sheriff or Deputy Sheriff	1	- -	(*b*) 12,238	1	- -	(*b*) 17,295
Master in Equity and Taxing Master	-	- -	- -	-	- -	- -
Receiver	1	8,400	8,400	-	—	—
Prothonotary, &c.	-	- -	- -	-	- -	- -
Chief Clerk	1	12,000	12,000	-	- -	- -
Clerks, Assistants, Interpreters, Translators, &c	101	168 to 7,200	91,205	49	126 to 4,800	32,400
Attendants	72	60 to 192	5,926	47	60 to 192	5,370
TOTAL - - -	180	- -	175,669	101	- -	(*c*) 107,265
PROVINCIAL HIGH COURT ESTABLISHMENTS:						
Registrar	-	- -	- -	-	- -	- -
Assistant or Deputy Registrar	-	- -	- -	-	- -	- -
Clerks, Translators, &c.	-	- -	- -	-	- -	- -
Attendants	-	- -	- -	-	- -	- -
TOTAL - - -	-	-	- -	-	- -	- -

(*a*) This officer received fees in the Admiralty jurisdiction of the Court, likewise for commissions to take the evidence of native ladies His salary, when he was in the receipt of fees, was 4,800 rupees. No other instance can be traced of an increase of salary in Bengal consequent on the abolition of fees.

Appendix, No. 22.

Paper handed in by Mr. *E. F. Harrison.*

Bombay, and *Allahabad*, the Chief Court at *Lahore*, and the Courts of the Recorders of *Rangoon* and *Moulmein*.

BOMBAY			NORTH WESTERN PROVINCES.			PUNJAB.			BRITISH BURMAH.		
No	Rupees per Annum.		No.	Rupees per Annum		No.	Rupees per Annum.		No.	Rupees per Annum.	
	Each	Total.		Each.	Total.		Each.	Total.		Each.	Total.
	Rs.	*Rs.*		*Rs.*	*Rs.*		*Rs.*	*Rs.*		*Rs*	*Rs.*
1	60,000	60,000	1	60,000	60,000	-	—	—	-	—	—
3	45,000	1,35,000	1	45,000	45,000	1	42,000	42,000	-	—	—
3	45,000	1,35,000	2	45,000	90,000	2	42,000	84,000	-	—	—
7	- -	3,30,000	4	- -	1,95,000	3	- -	1,26,000	-	—	—
1	24,000	24,000	-	—	—	-	—	—	-	—	—
1	7,200	7,200	-	—	—	-	—	—	-	—	—
1	12,000	12,000	-	—	—	-	—	—	-	—	—
50	180 to 6,600	53,760	-	—	—	-	—	—	-	—	—
48	48 to 600	8,316	-	—	—	-	—	—	-	—	—
101	- -	1,05,276	-	—	—	-	—	—	-	—	—
-	—	—	-	—	—	-	—	—	-	—	—
2	6,000	12,000	-	—	—	-	—	—	-	—	—
3	- -	7,560	-	—	—	-	—	—	-	—	—
1	9,000	9,000	-	—	—	-	—	—	-	—	—
1	- -	18,360(*b*)	-	—	—	-	—	—	-	—	—
1	28,800	28,800	-	—	—	-	—	—	-	—	—
-	—	—	-	—	—	-	—	—	-	—	—
1	30,000	30,000	-	—	—	-	—	—	-	—	—
-	—	—	-	—	—	-	—	—	-	—	—
78	120 to 400	88,131	-	—	—	-	—	—	-	—	—
55	48 to 120	8,448	-	—	—	-	—	—	-	—	—
142	- -	(*c*)2,02,299*	-	—	—	-	—	—	-	—	—
-	- -	- -	1	20,400	20,400	1	15,000	15,000	-	—	—
-	- -	- -	1	4,800	4,800	1	7,200	7,200	-	—	—
-	- -	- -	48	240 to 6,000	54,240	26	480 to 4,800	44,220	-	—	—
-	- -	- -	45	48 to 108	6,852	29	48 to 180	2,388	-	—	—
-	- -	- -	95	- -	86,292	57	- -	68,808	-	—	—

(*b*) Includes establishment and expenses

(*c*) Many of the officers of the Court were formerly remunerated by fees. No account of the income derived from fees is available

STATEMENT showing the Salaries of the Judges and Establishments of the High Courts at *Calcutta*, *Madras*,

	BENGAL.			MADRAS.		
	No.	Rupees per Annum.		No.	Rupees per Annum.	
		Each.	Total.		Each.	Total.
		Rs.	*Rs.*		*Rs.*	*Rs.*
RECORDERS' COURTS:						
Recorders	-	-	-	-	-	-
Registrars	-	-	-	-	-	-
Clerks, Interpreters, &c.	-	-	-	-	-	-
Peons, &c.	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-
LAW OFFICERS:						
Advocate General	1	37,620	37,620	1	26,250	26,250
Establishment Allowance	-	3,762	3,762	(6)	42 to 876	1,380
Remembrancer of Legal Affairs	1	30,000	30,000	-	-	-
Establishment	-	9,240	9,240	-	-	-
Standing Counsel	-	16,000	16,000	-	-	-
Government Pleader	2	7,200	14,400	1	6,000	6,000
Solicitor to Government	1	24,000	24,000	1	14,700	14,700
Establishment Allowance	-	12,000	12,000	-	-	-
Attorney for Paupers	-	-	-	-	-	-
Government Advocates	-	-	-	-	-	-
Establishment	-	-	-	-	-	-
TOTAL	5	-	147,022	3	-	48,330
ADMINISTRATORS GENERAL:						
Administrator General (*a*)	-	-	-	1	7,200	7,200
CORONERS' COURTS:						
Coroner	1	4,032	4,032	1	4,560	4,560
Establishment	2	216 to 720	936	11	84 to 840	2,364
TOTAL	3	-	4,968	12	-	6,924
JUSTICES OF THE PEACE AND PETTY SESSIONS AT BOMBAY:						
Clerks	-	-	-	-	-	-
Peons	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

(*a*) The Administrator General in Bengal is remunerated by a commission of 3 per cent. on the sums which pass through his hands; the Administrators General, Madras and Bombay, receive a commission of 5 per cent. in addition to the salaries shown in the statement.

Bombay, and *Allahabad*, the Chief Court at *Lahore*, and the Courts of the Recorders of *Rangoon* and *Moulmein*—*continued.*

BOMBAY			NORTH WESTERN PROVINCES.			PUNJAB.			BRITISH BURMAH.		
No.	Rupees per Annum		No.	Rupees per Annum.		No.	Rupees per Annum.		No	Rupees per Annum.	
	Each	Total.		Each	Total.		Each.	Total.		Each.	Total.
	Rs.	*Rs.*		*Rs.*	*Rs*		*Rs.*	*Rs.*		*Rs.*	*Rs.*
-	- -	- -	-	- -	- -	-	- -	- -	2	14,000	28,000
-	- -	- -	-	- -	- -	-	- -	- -	2	4,200	8,400
-	- -	- -	-	- -	- -	-	- -	- -	13	600 to 2,400	17,700
-	- -	- -	-	- -	- -	-	- -	- -	15	120 to 292	2,040
-	- -	- -	-	- -	- -	-	- -	- -	32	- -	56,140
1	24,000	24,000	-	—	—	-	—	—	—	—	—
-	4,800	4,800	-	—	—	-	—	—	—	—	—
1	12,000	12,000	-	—	—	-	—	—	—	—	—
-	2,400	2,400	-	—	—	-	—	—	—	—	—
-	- -	- -	-	—	—	-	—	—	—	—	—
1	3,600	3,600	1	1,680	1,680	-	—	—	—	—	—
1	30,000	30,000	-	—	—	-	—	—	—	—	—
-	- -	- -	-	—	—	-	—	—	—	—	—
1	6,000	6,000	-	—	—	-	—	—	—	—	—
-	- -	- -	1	13,200	13,200	1	10,000	10,000	2	3,600 and 4,800	8,400
-	- -	- -	(3)	60 to 1,200	1,320	(3)	60 to 1,200	1,320	-	—	—
5	- -	82,800	2	- -	16,200	1	- -	11,320	2	- -	8,400
1	7,800	7,800	-	—	—	-	—	—	-	—	—
1	4,200	4,200	-	—	—	-	—	—	-	—	—
4	108 to 900	2,316	-	—	—	-	—	—	-	—	—
5	- -	6,516	-	—	—	-	—	—	-	—	—
6	300 to 1,020	3,600	-	—	—	-	—	—	-	—	—
3	108 to 120	336	-	—	—	-	—	—	-	—	—
9	- -	3,936	-	—	—	—	—	—	-	—	—

Edward Harrison.

Appendix, No. 23.

PAPER handed in by Mr. *Harrison.*

STATEMENT explaining the Charges for Civil Judicial Officers in the several Provinces of India.

Designation of Office.	OUDH †				CENTRAL PROVINCES.†				BRITISH BURMAH †				BENGAL				NORTH WEST PROVINCES.				PUNJAB †				MADRAS.				BOMBAY.			
	European or European Extraction.	Native.	Annual Rate of Pay	Total Cost.	European or European Extraction.	Native.	Annual Rate of Pay.	Total Cost.	European or European Extraction	Native	Annual Rate of Pay	Total Cost	European or European Extraction	Native.	Annual Rate of Pay	Total Cost.	European or European Extraction.	Native.	Annual Rate of Pay.	Total Cost.	European or European Extraction.	Native	Annual Rate of Pay.	Total Cost.	European or European Extraction.	Native	Annual Rate of Pay.	Total Cost.	European or European Extraction	Native.	Annual Rate of Pay.	Total Cost.
			£.	£			£.	£			£.	£.			£	£			£	£.			£.	£.			£.	£.			£.	£.
Civil and Sessions Judges, including additional Judges	1	–	1,600	1,600	–	–	–	–	–	–	–	–	30	–	3,000	89,400	18	–	3,000	54,000	2	–	2,653	5,306	21	–	2,800	58,800	15	–	2,477	37,155
Assistant Judges:																																
Small Cause Court Judges	1	–	1,080	1,080	3	–	987	2,960	1	–	1,020	1,020	*1	–	1,800	1,800	3	–	1,200	3,600	8	–	900	7,200	10	1	1,483	16,319	4	6	1,410	14,100
Subordinate Judges.																																
1st Class, 1st Grade	–	–	–	–	–	–	–	–	–	–	–	–	4	3	1,200	8,400																
2nd Grade	–	–	–	–	–	–	–	–	–	–	–	–	1	9	960	9,600	2	3	960	4,800	–	–	–	–	–	–	–	–	–	3	960	2,880
3rd Grade	–	–	–	–	–	–	–	–	–	–	–	–	4	6	840	8,400	–	7	720	5,040	–	–	–	–	–	–	–	–	1	3	780	3,120
4th Grade	–	–	–	–	–	–	–	–	–	–	–	–	–	15	720	10,800	–	5	600	3,000	–	–	–	–	–	–	–	–	1	3	600	2,400
													9	33		37,200	2	15		12,840									2	9		8,400
2nd Class, 1st Grade	–	–	–	–	–	–	–	–	–	–	–	–	–	39	480	18,720	–	23	480	11,000	–	–	–	–	4	8	360	4,320	2	19	480	10,080
2nd Grade	–	–	–	–	–	–	–	–	–	–	–	–	1	77	360	28,080	–	19	360	6,840	–	–	–	–	5	16	300	6,300	1	23	360	8,640
3rd Grade	–	–	–	–	–	–	–	–	–	–	–	–	–	89	300	26,700	–	26	240	3,840	–	–	–	–	8	70	240	18,720	–	27	240	6,480
													1	205		73,500	–	68		21,680					17	94		29,340	3	69		25,200
Principal Sudder Ameens	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2	11	600	7,800				
Extra Assistant Commissioners																																
1st Class, 1st Grade	–	–	–	–	–	–	–	–	–	5	480	2,400																				
2nd Grade	–	–	–	–	–	–	–	–	–	4	420	1,680																				
										9		4,080																				
2nd Class, 1st Grade	–	–	–	–	–	–	–	–	–	5	300	1,500																				
2nd Grade	–	–	–	–	–	–	–	–	–	5	240	1,200																				
										10		2,700																				
3rd Class, 1st Grade	–	–	–	–	–	–	–	–	–	16	180	2,880																				
2nd Grade	–	–	–	–	–	–	–	–	–	13	156	2,028																				
3rd Grade	–	–	–	–	–	–	–	–	–	5	150	750																				
4th Grade	–	–	–	–	–	–	–	–	–	9	144	1,296																				
5th Grade	–	–	–	–	–	–	–	–	–	30	120	3,600																				
										73		10,554																				

* The subordinate Judges in Bengal have Small Cause Court jurisdiction.

† In Oudh, Central Provinces, British Burma, and Punjab, the district officers (who are not included in this return) have jurisdiction in Civil Causes.

Appendix, No. 24.

PAPERS handed in by Mr. *Harrison.*

(Referred to in Evidence of 30th April 1872, Question 4994.)

Appendix, No. 24.

STATEMENT showing the Average Number of PRISONERS in CUSTODY in *India* in the Year 1856-57.

Province.	Average Number of Prisoners.	REMARKS.
Oudh - - - - - -	No return.	
British Burmah (Pegu, Tenasserim, and Martaban).	3,820	
Bengal - - - - - -	19,242	Number actually in custody on 30 April 1857.
North West Provinces - -	21,505	
Punjab - - - - - -	12,469	
Madras - - - - - -	6,880	
Bombay - - - - - -	4,290	
TOTAL - - -	68,206	

(Referred to in Evidence of 10th May 1872, Question 5588.)

STATEMENT showing the Places at which CHAPLAINS were stationed according to the INDIAN ARMY LISTS of January 1872, with the Number of EUROPEAN TROOPS at each Station.

BENGAL PRESIDENCY.

Name of Chaplain's Station.	Number of Troops.
Abbotabad - - - - -	Head-quarters of Punjab frontier force.
Agra - - - - - - -	Two batteries artillery, one regiment infantry.
Allahabad (two chaplains, also one of the Church of Scotland).	Divisional head-quarters, two batteries artillery, one regiment and two battalions infantry.
Bareilly - - - - -	District head-quarters, one battery artillery, one battalion and detachment infantry.
Barrackpoor - - - - -	Brigade head-quarters and two batteries artillery, detachment of infantry.
Benares - - - - -	One battery artillery, one wing infantry.
Berhampore - - - -	No European troops.
Calcutta and suburbs (eight chaplains, also one of Church of Scotland).	District head-quarters, one battery artillery, one wing infantry.
Cuttack - - - - -	No European troops.
Dacca - - - - - -	No European troops.
Darjeeling - - - - -	Two batteries artillery and convalescent depôt.
Dehra Ismael Khan - - -	Detachment infantry.

Appendix, No. 24.

BENGAL PRESIDENCY—*continued.*

Name of Chaplain's Station.	Number of Troops.
Delhi	One battery of artillery, one wing infantry.
Dinapore	One battery artillery, one regiment infantry.
Dugshaie	One regiment infantry.
Dum-Dum	One regiment infantry.
Ferozepoor	Two batteries artillery, one regiment infantry.
Futtehgurh	No European troops.
Fyzabad	One battery artillery, one regiment infantry.
Gowhatty	No European troops.
Hazaribagh	One regiment infantry.
Howrah	No European troops.
Jubbulpoor	District head-quarters, one battery artillery, detachment of infantry.
Jullundur (also a chaplain of Church of Scotland).	One battery artillery, one regiment of infantry.
Kamptee	Head-quarters and two batteries artillery, one regiment infantry.
Kangra District	No European troops.
Kussowlie	Convalescent depôt.
Lahore and Meean Meer (two chaplains).	Divisional head-quarters, head-quarters and three batteries artillery, one regiment infantry.
Landour	Convalescent depôt.
Lucknow (two chaplains)	Divisional head-quarters, brigade head-quarters and three batteries artillery, one regiment cavalry, one regiment and one battalion infantry.
Meerut (also a chaplain of the Church of Scotland).	Head-quarters and four batteries artillery, one regiment cavalry, one regiment infantry.
Mooltan (two chaplains)	One battery artillery, one regiment infantry.
Moradabad	Detachment infantry.
Morar and Gwalior	District head-quarters, brigade head-quarters and six batteries artillery, one battalion and one detachment infantry.
Moulmein	No European troops.
Murree	Detachments of infantry, and convalescent depôt.
Mussoorie and Dehra	No European troops.
Muttra	One regiment cavalry.
Nowgong	One battery artillery, detachment infantry.
Nowshera	One battalion 60th Rifles.
Nynee Jal	Convalescent depôt.
Patna	No European troops.
Peshawar	District head-quarters, brigade head-quarters and three batteries artillery, one regiment and two battalions infantry, three companies sappers.
Port Blair	One company infantry.
Rangoon	Two batteries artillery, one regiment infantry.
Rawul Pindee	Divisional head-quarters, five batteries artillery, two regiments infantry.
Roorkee	One regiment infantry, depôt and one company sappers, one company engineers.
Saugor	One battery artillery, one battalion infantry.
Sealkote	One battery horse artillery, one regiment cavalry, one regiment infantry.
Seetabuldee	One company infantry.
Shahjihanpore	One battalion infantry.
Simla	No European troops.
Subathoo	One battalion infantry.
Townghoo	One battery artillery, detachment infantry.
Umballa (also a chaplain of Church of Scotland).	Divisional head-quarters, brigade head-quarters and one battery horse artillery, one regiment cavalry, one regiment and three companies infantry.
Umritsur	Detachment infantry.

Appendix, No. 24.

MADRAS PRESIDENCY.

Name of Chaplain's Station.	Number of Troops.
Aurungabad	No European troops.
Bangalore (three chaplains, one being registrar of the diocese and bishop's secretary, also one chaplain of Church of Scotland).	One regiment of cavalry, head-quarters, and three batteries artillery, one company engineers, one battalion infantry.
Bellary	One battery artillery, one regiment infantry.
Berar	—
Berhampore and Chetterpore	—
Cannanore	One battery artillery, one regiment infantry.
Coimbatore	No European troops.
Cuddelore	ditto.
Madras (including St. Thomas' Mount, Palaveram, Vepery, and Poonamallee; seven chaplains, also one of the Church of Scotland).	Five batteries artillery, head-quarters of engineers, one regiment infantry, also the the depôt of British troops.
Mercara	No European troops.
Mysore	ditto.
Ootacamund	—
Rajahmundry and Coconada	—
Secunderabad, Bolarum and Chudderghaut (also a chaplain of Church of Scotland).	Head-quarters, and four batteries artillery, one regiment cavalry, one regiment and one battalion infantry.
Trichinopoly	One battery artillery, two companies infantry.
Trimulgherry	—
Trevandrum	—
Vellore and Arcot	—
Vizagapatam	Infantry veterans.
Vizianapam	—
Wellington	Convalescent depôt.

BOMBAY PRESIDENCY.

Aden	Two batteries artillery, 1 battalion 60th Rifles.
Ahmedabad	Head-quarters 9th Brigade, Royal Artillery, and two batteries.
Ahmednuggur	One regiment cavalry, one battery artillery.
Belgaum Fort (visiting Kulladgher)	One battery artillery, one battalion infantry.
Belgaum Cantonment (visiting Dharwar, except in the monsoon).	
Bombay (three chaplains, including the acting archdeacon; there is also a chaplain of the Church of Scotland).	Three batteries artillery, and head-quarters of the brigade, also two companies infantry, and a sanitarium with varying numbers at Colaba.
Deesa and Mount Aboo	One battery artillery, and one regiment infantry at Deesa, a detachment of infantry, and sanitarium at Mount Aboo.
Deolalee (visiting Asseerghur)	Two companies of infantry at Asseerghur.
Dharwar* (visiting Karwar, Rutnagherry and Dapoolee).	—
Hyderabad	Three companies of infantry.
Kirkee	Head-quarters of Brigade, Royal Artillery, and three batteries.
Kurrachee (two chaplains, and one chaplain of Church of Scotland).	One battery artillery, and one regiment infantry.
Neemuch	One battery artillery, and two companies of infantry.
Nusseerabad	One battery artillery, and one regiment, and one battalion infantry.
Poona (two chaplains, also a chaplain of Church of Scotland).	Two regiments of infantry.
Rajcote and Bhooj*	—
Sattara and Mahableshwar	One company of infantry at Sattara.

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* At these stations there were no European regiments, though there were officers and establishments connected with Native troops.

Appendix, No. 25.

STATEMENTS handed in by Mr. *Seccombe.*

Appendix, No. 25.

LIST of PENSIONS in course of Payment in the Year 1870–71.

PENSIONS granted under Regulations to Members of the Home Service of the Indian Government, including Officers of the Board of Control.

NAMES.	OFFICE.	Annual Pension.		
		£.	s.	d.
Mr. W. J. Alexander - -	India Office, Correspondence Department, Junior Clerk.	100	–	–
„ George Appleton - -	India Office, Military Department, Senior Clerk.	680	–	–
„ William H. Batten - -	Ditto - Correspondence Department, Senior Clerk.	466	13	4
„ Henry W. Beauclerk -	India Board, Assistant Clerk - - -	333	6	8
Rev. Thomas Bissett - -	First Assistant Classical Master at the Military Seminary at Addiscombe.	350	–	–
Mr. William H. Briant - -	East India House, Accounts Branch, Writer	120	–	–
„ George Bryan - - -	India Office, Director General of Stores Department, Examiner of Stores.	166	13	4
„ William Burnie (died in 1871–72).	East India House, Secretary's Department, Writer.	70	–	–
„ Duncan Campbell - -	East India House, Accounts Branch, Established Clerk.	266	13	4
Sir Proby T. Cautley (died in 1870 71).	Member of the Council of India - -	500	–	–
Mr. R. Came - - - -	India Office, Second Office Keeper - -	176	13	4
„ J. Clemens - - -	Ditto - Messenger - - - -	64	17	9
„ George Collingwood (died in 1871–72).	Ditto - Accountant General's Department, Junior Clerk.	300	–	–
„ Frederick S. Danvers (died in 1871–72).	East India House, Administrator General's Department, Clerk.	406	13	4
„ Adolphus Dodd - -	East India House, Examiner's Department, Extra Clerk.	50	–	–
„ William Dickinson (died in 1871–72).	East India House, Examiner's Department, Senior Clerk.	500	–	–
„ James Dunsmure - -	India Office, Cashier - - - - -	666	13	4
Captain W. J. Eastwick - -	Member of the Council of India - -	500	–	–
Lieutenant Colonel W. Elsey -	East India Company's Depôt at Warley, Paymaster.	171	17	6
Mr. Henry Evans - - -	East India House, Military Department, Deputy Superintendent of Extra Clerks.	250	–	–
„ Francis H. Fenton - -	East India House, Secretary's Department, Extra Clerk.	242	13	4
„ William Fidler - -	India Office, Correspondence Department, Senior Clerk.	780	–	–
„ A. S. Flinders - - -	India Office, Correspondence Department, Junior Clerk.	160	–	–
„ John Forbes (died in 1871–72).	East India House, Library, Messenger -	70	–	–
„ George Friend - - -	India Office, Accountant General - -	1,410	–	–
„ John Gibbons - - -	East India House, Messenger - - -	60	–	–
„ George Gordon - -	Ditto - - - Firelighter - - -	40	–	–
„ J. A. F. Hawkins - -	India Office, Judicial Department, Secretary	660	–	–
„ Stephen Hoole - -	East India House, Freight Office, Established Clerk.	320	–	–
„ Joseph Hull - - -	East India House, Military Department, Examiner of Stores.	90	–	–
„ Henry L. Hunter - -	India Board, Senior Clerk - - - -	566	13	4
„ Lewis Humbert - -	India Office, Director General of Stores Department, Chief Clerk.	800	–	–
„ W. Howell - - -	East India House, Cashier's Branch, Messenger	60	–	–
„ R. W. Husband - -	India Office, Messenger - - - -	64	17	9
Lieutenant Colonel Basil Jackson	Professor of Surveying at the Military College	326	13	4
Mr. Henry Jackson - -	East India House, Examiner's Department, Extra Clerk.	100	–	–

. List of Pensions in course of Payment in the Year 1870–71—*continued.*

Appendix, No. 25.

Pensions granted under Regulations to Members of the Home Service of the Indian Government, including Officers of the Board of Control—*continued.*

Names.	Office.	Annual Pension.		
		£.	s.	d.
Mr. Francis Johnson	Professor of Sanscrit, East India College, Haileybury.	466	13	4
„ William Keith (died in 1870–71).	East India House, Accounts Branch, Assistant.	806	13	4
„ George Kemp (died in 1870–71).	India Office, Director General of Stores Department, Examiner of Stores.	166	13	4
„ John Kingham (died in 1872–73).	East India House, Examiner's Department, Messenger.	73	–	–
„ Robert Lane	India Board, Clerk	250	–	–
„ William Laws	Ditto - Messenger	93	–	–
„ Alfred Lawson	India Office, ditto	24	–	–
„ James Merton	East India House, Secretary's Department, Extra Clerk.	130	–	–
„ Charles T. P. Metcalf	East India House, Military Department, Clerk	466	13	4
„ Henry Mills	East India House, Minuting Branch, Secretary's Office, Assistant.	800	–	–
„ John Ogilvie	East India House, Accounts Branch, Established Clerk.	466	13	4
„ Arthur R. Onslow	India Office, Secretariat, Chief Clerk	722	6	8
„ E. Palmer	East India House, Extra Clerk	100	–	–
„ George Perrott	Board of Control, Hall Porter	94	10	–
Mrs M. Pilgrim	Ditto - - - Housekeeper	84	–	–
Mr. R. C. Plowden	India Office, Correspondence Department, Senior Clerk.	260	–	–
„ W. Polain	India Office, Lithographic Printer	35	–	–
„ William Prosser	Ditto - Messenger	66	13	4
„ Thomas Riddell	East India House, Accountant General's Department, Extra Clerk.	108	–	–
„ John Riordan (died in 1871–72).	India Office, Director General of Stores Department, Examiner of Stores.	100	–	–
„ C. T. Ritherdon (died in 1871–72).	India Office, Accountant General's Department, Senior Clerk.	346	13	4
„ J. W. Rundall	India Office, Registry Department, Copying Clerk.	115	–	–
„ Thomas Ryle	East India House, Will Branch, Secretary's Office, Writer.	120	–	–
„ Charles Saunderson	East India House, Audit Branch, Established Clerk.	346	13	4
„ E. Summerhays	India Office, Messenger	65	5	–
„ Jas. Sawle (died in 1871–72)	Ditto - - ditto	45	–	–
„ J. C. Schetky	Professor of Civil Drawing at Military Seminary at Addiscombe.	200	–	–
„ John Schofield	East India House, Marine Branch, Writer	120	–	–
„ John Seally	Ditto - - - Military Stores Department, Writer.	164	–	–
„ Thomas Sharp	India Board, Registrar	266	13	4
„ William L. Sharp	East India House. Examiner of Stores	50	–	–
„ William A. Shee	Ditto - - - Correspondence Department, Established Clerk.	250	–	–
„ Henry Shepheard	India Board, Clerk	425	–	–
„ George R. Shipway	East India House, Auditors' Department, Messenger.	66	13	4
„ G. D. L. Soare	India Office, Assistant to Registrar	650	–	–
„ Henry Soare	Ditto - Correspondence Department, Junior Clerk.	69	–	–
Major Hector Straith (died in 1871–72).	Professor of Fortification at Military Seminary, Addiscombe.	400	–	–
Captain W. A. Taite (died in 1871–72).	Professor of Military Drawing at Her Majesty's East India College.	225	–	–
Mr. Edward Thornton	East India House, Chief of the Statistical Department.	940	–	–
„ Marin de la Voye	French Master at Military Seminary, Addiscombe.	233	6	8
„ Frederick D. Whalley	East India House, Accountant General's Office, Established Clerk.	400	–	–
„ George W. White	East India House, Accounts Branch, Established Clerk.	400	–	–
„ John H. Willock	India Office, Correspondence Department, Senior Clerk.	270	–	–
Major General M. P. Willoughby, C.B. (died in 1871–72).	India Office, Inspector General of Stores	450	–	–
Mr. Edward Wilson	Ditto - Messenger	80	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted on the Abolition of the Commercial Charter of the East India Company in 1834.

NAMES.	OFFICE.	Annual Pension.		
		£.	s.	d.
Mr. A. J. Abbott	Hoyman	20	16	–
„ Charles S. Agar	Auditor's Office, Extra Clerk	52	–	–
„ J. H. Astell	Member of the China Factory	750	–	–
„ George Henry Brown	Secretary's Office, Established Clerk	500	–	–
„ John Brett	Tea Warehouse, Writer	59	–	–
„ Robert S. Barnes	Ditto - - - ditto	59	–	–
„ C. M. Brody	Shipping Office, Established Clerk	327	–	–
„ Charles Binks	Private Trade Warehouse, Writer	73	–	–
„ John Bittleston (died in 1872-73).	Tea Warehouse, Assistant	89	–	–
„ Richard Barton	Ditto - - - ditto	130	–	–
„ R. Blankenhagen	Treasury, Established Clerk	208	–	–
„ Charles Clark	Home Auditor's Office, Established Clerk	147	–	–
„ S. B. Cock	Tea Warehouse - - - ditto	105	–	–
„ William Carter (died in 1870-71).	Deputy Secretary	1,023	–	–
„ George Cox	Auditor's Office, Established Clerk	187	–	–
„ Thomas William Clark	Examiner's Department, Book Office, Extra Clerk.	133	–	–
„ Francis Clark	Secretary's Office, Established Clerk	433	–	–
„ William Cogdon	Examiner's Department, Extra Clerk	90	–	–
„ J. J. Colebrook	Secretary's Office - - - ditto	80	–	–
„ H. M. Clarke	Member of the China Factory	750	–	–
„ Henry Dangerfield	Private Trade Warehouse, Writer	73	–	–
„ Harvey Dickinson	Financial Department, Accounts Branch, Established Clerk.	400	–	–
„ Samuel J. Dawes	Bengal Warehouse, Assistant Elder	53	–	–
„ James Davis	Buying Office, Established Clerk	154	–	–
Sir J. F. Davis, Bart.	Member of the China Factory	500	–	–
Mr. J. F. N. Daniell (died in 1871-72).	Ditto - - ditto	500	–	–
„ Thomas Elliott (died in 1870-71)	Old Registrar's Office, Extra Clerk	70	–	–
„ A. H. Finlay	Examiner's Department ditto	103	12	–
„ R. M. Frost	Secretary's Office, Writer	75	–	–
„ T. S. Gowing	Examiner's Department, Extra Clerk	133	–	–
„ H. S. Gowing	- - - Ditto - - - - ditto	120	–	–
„ M. J. Horne	- - - Ditto - - - - ditto	80	–	–
„ Richard Hawkins	Tea Warehouse, Writer	36	10	–
„ G. W. Hinds	Ditto - - ditto	76	–	–
„ R. B. Hudleston	Member of the China Factory	750	–	–
„ S. H. Haggard (died in 1870-71)	Secretary's Office, Extra Clerk	199	–	–
„ W. A. Hunt	Tea Warehouse, Established Clerk	573	–	–
„ John Hull	Secretary's Office, Extra Clerk	60	–	–
„ James Henderson	Treasury, Established Clerk	193	–	–
„ W. C. Hunt	Tea Warehouse, Writer	74	–	–
Mrs. J. Hotson, and children of Mr. J. N. Hotson.	Accountant General's Department, Established Clerk.	124	–	–
Mr. Montague Harrison	Examiner's Department, Extra Clerk	133	–	–
„ Francis Joyce	- - - Ditto - - - - ditto	133	–	–
„ John Jackson	Member of the China Factory	750	–	–
„ John Jones	Tea Warehouse, Writer	70	–	–
„ John Lechmere	East India House, Writer	60	–	–
„ H. H. Lindsay	Member of the China Factory	750	–	–
„ Charles Millett	Ditto - - - ditto	500	–	–

List of Pensions in course of Payment in the Year 1870–71—*continued.*

Pensions granted on the Abolition of the Commercial Charter of the East India Company in 1834—*continued.*

Names.	Office.	Annual Pensions. £. s. d.
Mr. Robert H. Mackenzie -	East India House, Examiner's Department, Extra Clerk.	120 – –
„ W. C Maclean (died in 1870–71).	Examiner's Department, Extra Clerk - -	187 – –
„ J. S. Miles - - -	Financial Secretary's Office, Extra Clerk -	85 – –
„ James Muzio - - -	Treasury, Established Clerk - - -	313 – –
„ Edwin Norris - - -	Buying Office, Extra Clerk - - -	93 – –
„ W. H. Pemberton - -	Accountant General's Office, Established Clerk	227 – –
„ J. T. A. Patrick - -	Auditor's Office, Extra Clerk - - -	113 – –
„ John Pearse (died in 1872–73).	East India House, Examiner's Department, Extra Clerk.	120 – –
„ Joseph Patch - - -	Bengal Warehouse, Extra Clerk - -	133 – –
„ W. H C. Plowden - -	Member of the China Factory - - -	500 – –
„ Robert Rouse - - -	Private Trade Warehouse, Established Clerk	389 – –
„ Joseph Rouse - - -	Tea Warehouse, Writer - - - -	74 – –
„ C. J. Rumfitt - - -	Private Trade Warehouse, Established Clerk	347 – –
„ H. T. Ravenshaw - -	Member of the China Factory - - -	500 – –
Sir T. S. Sadler - - -	Examiner's Department, Extra Clerk - -	120 – –
Mr. Henry Speedy - - -	Tea Warehouse, Writer - - - -	70 – –
„ C W. Smith - - -	Accountant General's Office, Established Clerk	427 – –
„ A. J. Scott (died in 1871–72)	Secretary's Office, Senior Clerk - - -	540 – –
„ Charles Sleath „ 1870–71)	Freight Department, Extra Clerk - -	440 – –
„ Henry Snook „ 1871–72)	Pepper Warehouse, Elder - - - -	233 – –
„ E. S. Sculthorpe - -	Private Trade Warehouse, Writer - -	37 – –
„ T. C. Smith - - -	Member of the China Factory - - -	500 – –
„ J. A Tabor - - -	Wharf, Established Clerk - - - -	407 – –
„ Henry Thomas - -	East India House, Examiner's Department, Clerk.	527 – –
„ Edward White (died in 1871–72).	Accountant General's Office, Established Clerk	540 – –
„ Henry Waylen (died in 1870–71).	Private Trade Warehouse, Writer - -	73 – –
„ William Williams - -	Military Secretary's Office, Extra Clerk -	137 – –
„ Alexander Williamson -	Assistant to the Searcher of Records - -	407 – –
„ J. T. M Wheeley - -	Secretary's Office, Writer - - - -	83 – –
„ Charles Walker - -	Examiner's Department, Extra Clerk - -	120 – –

And the following Pensions granted to Labourers at the various Warehouses:—

1 at £.54. 12. per annum -	- - - - - -	4,469 8 –
2 „ 36. 8. „ -		
2 „ 29. 18. „ -		
4 „ 28. 12. „ -		
9 „ 27. 6. „ -		
3 „ 22. 2. „ -		
13 „ 20. 16. „ -		
182 „ 19. 10. „ -		
2 „ 18. 4. „ -		

In addition to the above, there are 161 Warehouse Labourers whose pensions have not been claimed for periods varying from one to 10 years and upwards, who are believed to be dead, although no evidence to that effect has been furnished.

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted on the Amalgamation, in 1858, of the Home Establishment of the East India Company and the Establishment of the Board of Commissioners for the Affairs of India.

NAMES.	OFFICE.	Annual Pension.		
On the Home Establishment of the East India Company:				
		£.	s.	d.
Mr. John Docwra Dickinson	Secretary's Office, Secretary	1,808	–	–
„ John Davison (died in 1870–71).	- - ditto - Buying Department, Clerk	1,026	–	–
„ William Thomas Hooper	- - ditto - College Department ditto	688	–	–
„ William Collingwood (died in 1871–72).	Accounts Branch, Secretary's Office, Assistant	920	–	–
„ William Morgan	Pay Branch - - ditto - ditto	1,126	–	–
„ William Banton (died in 1871–72).	Audit Branch - - ditto - Clerk	582	–	–
„ William Byron	Marine Branch - - ditto - Chief Clerk	615	–	–
„ Thomas Campbell	Administration, Will, &c. Branch, Secretary's Office, Assistant.	649	–	–
„ John Stuart Mill	Examiner's Department, Examiner	1,500	–	–
„ John Douglas Close	- - ditto - - Clerk	610	–	–
„ James Francis Shillito	- - ditto - - ditto	460	–	–
„ William Peters	- - ditto - - ditto	486	–	–
„ Thomas Penrose Williams	- - ditto - - ditto	424	–	–
„ Thomas Alexander Riddell-Carré.	- - ditto - - ditto	175	–	–
„ Philip Melvill	Military Department, Secretary	2,010	–	–
„ James Bryant	Store Department - Clerk	560	–	–
„ Edward William Benoiment	Secretary's Office - Extra Clerk	351	–	–
„ R. E. Home (died in 1870–71).	- - ditto - - ditto	351	–	–
„ J. Biddle	Pay Branch, Secretary's Office, Extra Clerk	386	–	–
„ F. B. Roberts	Accounts Branch - ditto - ditto	351	–	–
„ William May	Secretary's Office - - - ditto	386	–	–
„ H. H. Long	Accounts Branch, Secretary's Office, Writer	273	–	–
„ F. I. Long	Marine Branch - - ditto - ditto	269	–	–
„ Frederick Maitland	Accounts Branch - - ditto - ditto	211	–	–
„ E. M. Williams	Examiner's Department - - ditto	249	–	–
„ C. Bell	- - ditto - - - - ditto	253	–	–
„ F. W. Stone	- - ditto - - - - ditto	208	–	–
„ L. Lechmere	- - ditto - - - - ditto	200	–	–
„ J. Pond	Military Department, Extra Clerk	370	–	–
„ T. Back	- - ditto - - Writer	345	–	–
„ F. C. Birch	Statistical Office - ditto	273	–	–
„ C. Cairns	Store Department - ditto	327	–	–
„ G. Shipway (died in 1870–71)	Head Doorkeeper	270	–	–
„ R. Disney	Assistant ditto	310	–	–
„ J. H. Collins	Examiner's Department, Messenger	83	–	–
„ T. M. Collins	- - ditto - - - ditto	60	–	–
„ J. Henderson (died in 1870–71).	Military Department - ditto	110	–	–
„ T. J. Hasker	- - ditto - - - ditto	60	–	–
„ E. W. Marshall (died in 1871–72).	Messenger	80	–	–
„ C. Chapman	ditto	60	–	–
On the Establishment of the Board of Commissioners for the Affairs of India:				
		£.	s.	d.
Mr. Charles William Fletcher	India Board, Clerk	750	–	–
„ Price Brickley Williames (died in 1870–71).	- - ditto - ditto	638	–	–
„ Thomas Bunbury Lenon	- - ditto - ditto	638	–	–
Susan Smith	- - ditto - Housemaid	27	–	–

PENSIONS granted on the Revision, in 1860, of the Home Establishment of the Secretary of State for India in Council.

NAMES.	OFFICE.	Annual Pension. £.	s.	d.
Mr. William Eade (died in 1872–73).	Military Department, Assistant Secretary -	1,036	–	–
„ Peter Austin Daniel -	Correspondence Department, Clerk - -	367	–	–
„ Robert Money Hotson -	Accountant General's Department, Clerk -	525	–	–
„ Francis Deffell - -	- - - ditto - - - ditto - ditto -	204	–	–
„ Francis Clark - -	Official Agent to Administrators General, &c.	687	–	–
„ Edward John Fairbrother	Clerk to ditto - - - - - - -	400	–	–
„ Robert Gordon - -	Writer - - - - - - - - -	345	–	–
„ W. Sheerman - - -	- ditto - - - - - - - - -	400	–	–
„ James Hall - - -	Doorkeeper - - - - - -	190	–	–
Mrs. Elizabeth M. Marshall -	Housekeeper - - - - - - -	75	–	–
„ Elizabeth Longhurst -	Charwoman - - - - - - -	13	–	–

PENSIONS granted on a further Revision, in 1867, of the Home Establishment of the Secretary of State for India in Council.

NAME.	OFFICE.	Annual Pension. £.	s.	d.
Mr. John Charles Mason -	Marine Department, Secretary - - -	1,430	–	–
„ Edmund D Bourdillon -	Public and Ecclesiastical Department, Secretary.	1,000	–	–
Hon. Gerald N. Dillon - -	Marine Department, Assistant Secretary -	700	–	–
Mr. George E. Cochrane -	Military Department, - - ditto - -	1,000	–	–
„ Henry C. Deedes - -	Public and Ecclesiastical Department, Assistant Secretary.	700	–	–
„ Josceline Courtenay -	Judicial Department, Assistant Secretary -	700	–	–
„ John E Boucher - -	Accountant General's Department, Pay Branch, Chief Clerk.	900	–	–
„ Clifford Craufurd (died in 1870–71).	Accountant General's Department, Examination of Claims Branch, Chief Clerk.	800	–	–
„ William Downing - -	Keeper of Museum - - - - -	375	–	–
„ William V. Andrews -	Marine Department, Junior Clerk - -	140	–	–
„ Isaac Voysey - - -	Messenger - - - - - - -	66	13	4
„ Robert Brown - -	- ditto - - - - - - - -	69	10	–
„ Frederick Pulman - -	Museum, Messenger - - - - -	80	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted on the Abolition of the East India College at *Haileybury*, in 1858.

NAME.	OFFICE.	Annual Pension. £.	s.	d.
Rev. Henry Melvill, B.D. (died in 1870-71).	Principal	900	–	–
Rev. J. W. L. Heaviside	Registrar and Mathematical Professor	600	–	–
Colonel J. W. J. Ouseley	Oriental Professor	466	13	4
Edward B. Eastwick, Esq.	ditto	466	13	4
Monier Williams, Esq., M.A.	ditto	466	13	4
Rev. W. E. Buckley, M.A.	Dean and Classical Professor	425	–	–
Peter Cleophas (died in 1871-72)	General Inspector	109	10	–
Benjamin Jones	Steward	82	–	–
Thomas Chapman	Head Porter	45	–	–
Joseph Foster	Head Waiter	28	13	–
George White	Waiter	23	13	–
William Bush	Gate Porter	37	10	–
William Coles	Watchman	29	–	–
George Dorset	Watchman and Gate Porter	40	10	–
Nathaniel Green	Watchman	38	–	–
John Huson	ditto	29	–	–
Francis Beeston	Shoe and Knife Cleaner	27	18	3
Mary Neal	Housekeeper	47	15	–

PENSIONS granted on the Abolition of the East India Military Seminary at *Addiscombe* in 1861.

NAME.	OFFICE.	Annual Pension. £.	s.	d.
Major General Sir F. Abbott, C.B.	Lieutenant Governor	150	–	–
Rev. Alfred Wrigley, M.A. (Librarian).	Professor of Mathematics and Classics	316	13	4
Rev. W. H. Johnstone, M.A. (Chaplain).	ditto ditto	333	6	8
Rev. R. Inchbald, M.A.	ditto ditto	256	13	4
Mr. A. Dusantoy, B.A.	ditto ditto	200	–	–
Rev. G. R. Roberts, B.A.	ditto ditto	100	–	–
Lieut. Col. M. J. Rowlandson	Madras Infantry, Professor of Hindustani	400	–	–
Monsieur Leon Contanseau	French Professor	250	–	–
Lieutenant Colonel T. Donnelly	Staff Officer	150	–	–
H. M'Laughlin	Head Hall Servant	18	5	–
H. Cooper	Master Tailor	36	10	–
R. Strike	Baker	36	10	–

PENSIONS granted on the Abolition of the East India Recruiting Staff in the United Kingdom, and of the Depôt at *Warley*, in 1861.

NAME.	OFFICE.	Annual Pension. £.	s.	d.
Officers of the late Indian Recruiting Stations:				
Lieutenant Colonel W. Turner (died in 1870-71).	Recruiting Officer, Liverpool	150	–	–
Captain H. V. Glegg	ditto Edinburgh	300	–	–
Captain D. Bayley	ditto Dublin	150	–	–
Lieut. Col. G. Thomson, C.B.	ditto Cork	200	–	–
Lieut. Col. James Roxburgh	ditto Newry	150	–	–
Officers of the late Indian Depôt at Warley:				
Lieutenant Colonel William F. Hay (died in 1871-72).	Second in Command and Barrackmaster	200	–	–
Major Francis Tower	Captain and Adjutant	150	–	–
Dr. D. Steward	Staff Surgeon	235	–	–

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted from Funds for the Benefit of the Widows and Families of Members of the Home Service of the Indian Government.

REGULAR WIDOWS' FUND.

NAME.	Annual Pension.		
	£.	s.	d.
Miss S A. Adams	50	–	–
Mrs. S E. Atkins	153	13	4
Miss M. A. Atkins	36	11	8
„ M. Atkins	36	11	8
„ E. Atkins	36	11	8
„ E A. Atkins	36	11	8
Mrs. M. I. Auber	400	–	–
Miss M. I Andrews	50	–	–
„ E. R. Babington	41	7	6
„ P. Babington	41	7	6
Mrs. F. Babington	220	–	–
Miss J. Babington	50	–	–
Mrs. C. E. Baker	300	–	–
Miss E. Barton	43	15	–
„ Rebecca M. Barton	43	15	–
„ Rosa M. Barton	43	15	–
„ L. E. Bell	50	–	–
Mrs. H. Bishop	55	5	–
„ F. M. Bonner	380	–	–
Miss A. Briggs	16	17	6
„ E. Briggs	16	17	6
„ M. Briggs (ceased in 1872–73).	16	17	6
Miss I Briggs	16	17	6
„ L. H. Briggs	16	17	6
William H. Briggs	16	17	6
Mrs. E Brooke	300	–	–
„ M S. Brown	190	–	–
„ I. H. Burge	226	19	8
Miss H. M. Burge	39	2	8
„ L. A. Burge	39	2	8
„ I. F. Burn	48	15	–
Mrs. R Bland (died in 1871–72).	300	–	–
Mrs. E. Burn	175	7	9
Miss E. Burn	36	10	9
„ A. E. Burn	36	10	9
„ I. Burn	36	10	9
Mrs. E. M. Barnett	225	–	–
Miss E. Barnett	37	10	–
„ L. Barnett	37	10	–
Mrs. C. Browne	300	–	–
„ S. Batten	240	–	–
William M. Batten	50	–	–
Mrs. M. A. Cameron	220	–	–
Misses A. and F. Carter	150	–	–
Mrs. F. M. Chichester	60	–	–
Miss E. A. Chichester	50	–	–
„ V. A. Chichester	50	–	–
Spencer F Chichester	50	–	–
Alan G. Chichester	50	–	–
Ernest W. Chichester	50	–	–
Atholl A. Chichester	50	–	–
Reginald de B. Chichester	50	–	–
Miss L. Coggan	50	–	–
„ Mary Collet	50	–	–
„ Martha Collet	50	–	–
„ I. Collet	50	–	–
Mrs. H. V. W. Connell	270	–	–
Miss F. H. Contencin	32	13	4
„ M. Cox	39	13	4
Mrs. M. M Craufurd	300	–	–
Miss C. L. Craufurd	50	–	–
„ M. E. Craufurd	50	–	–
„ C. A. Craufurd	50	–	–
Gordon L Craufurd	50	–	–
Mrs. S. Crawford	80	–	–

NAME.	Annual Pension		
	£	s.	d.
Mrs. D. Crofts (died in 1870–71)	200	–	–
Mrs. H. M. Danvers	261	8	7
Mrs. M Danvers	89	9	4
Arthur H. Danvers	26	6	4
Miss C Danvers	26	6	4
„ E. Dart	50	–	–
Mrs. H. M Deedes	60	–	–
Miss E. Deedes	50	–	–
„ M E. Dickinson	50	–	–
Mrs. M. Dinsdale	102	–	–
„ M. Dobson	240	–	–
Miss E. M. Dodwell	50	–	–
„ M. P. Drysdale	50	–	–
„ M. Drysdale	50	–	–
„ W Drysdale	50	–	–
„ E. W. Du Puy	46	17	4
Mrs H. Ellis (died in 1870–71).	100	–	–
Mrs. F. A. Farmer	110	–	–
Miss F. Farmer	45	16	8
„ E. Farmer	45	16	8
„ E. Fenton	50	–	–
Mrs. A. Field	280	–	–
„ M S Fisher	220	–	–
Miss A. M. Ford	31	5	7
„ S. A Ford	31	5	7
„ C M. Ford	31	5	7
Mrs G. C Forrest	260	–	–
Miss C. S. Frost	50	–	–
„ E. J Frost	50	–	–
Peter Frost	50	–	–
Mrs. L. Goldsmith (died in 1870–71).	270	–	–
Miss E Goldsmith	45	–	–
„ L. G. Goldsmith	45	–	–
„ S Goldsmith (died in 1870–71).	45	–	–
Miss M. E. Gore	50	–	–
„ H. Graham	50	–	–
„ C. Graham	50	–	–
Mrs. S Grasswell	300	–	–
Miss S S. Grasswell	50	–	–
„ M. E. Greenaway	50	–	–
„ R. H. Greene	50	–	–
„ E. A. Greene	50	–	–
Mrs. J. F. Greenhough	92	12	6
„ M. Gunston	260	–	–
Mrs. H. Gunston	400	–	–
Arthur P. Gunston (ceased in 1870–71.)	50	–	–
Mrs. M. Harcourt	300	–	–
Miss H. M. Harcourt	50	–	–
„ C. A. Harcourt	50	–	–
Mrs. E. A. Hart	300	–	–
Miss E. Hart	50	–	–
„ K. Hart	50	–	–
„ J. Hedges	50	–	–
Mrs. J. H Hennah	220	–	–
„ L. Hill	240	–	–
Miss Matilda Hill	50	–	–
„ Madeline Hill	50	–	–
„ E. Hill	50	–	–
Mrs. A. Hollyer	300	–	–
„ C. Hoole	232	19	6
Miss S A. Hoole	38	16	6
„ M. A. Hoole	38	16	6

NAME.	Annual Pension.		
	£.	s.	d.
Mrs. H. Horn	113	–	8
Miss C. Horn	24	11	4
„ Emma Horn	24	11	4
„ Ellen Horn	24	11	4
Mrs. M. Hudson	240	–	–
„ K. F. A. Hume	170	–	–
William M. Hume	50	–	–
Miss C. Hyde	50	–	–
„ E J. Jenkyns	50	–	–
„ M. J. Jenkyns	50	–	–
„ A E Johnson	50	–	–
Mrs. M. G. Jones	150	–	–
Miss M C. Jones	30	–	–
„ F C Jones	30	–	–
„ E. A H. Jones	30	–	–
Mrs. E Jones	60	–	–
Mrs. H Kershaw	200	–	–
Miss E. M. Kingston	20	–	–
Mrs S. Lea	270	–	–
Miss M A. Leach	50	–	–
Mrs. A. M Lloyd	400	–	–
Miss H. Lloyd	50	–	–
Mrs. E. Lloyd	170	–	–
Miss M Maitland	47	18	–
„ Mary Maitland	50	–	–
„ S Maitland	50	–	–
„ M. A. Mann	50	–	–
„ J M. A Mason	50	–	–
„ M. L Mason	50	–	–
„ E M. Mason (ceased in 1871–72.)	25	–	–
„ M Matthie	44	8	4
Mrs M. H. Mayo	60	–	–
Miss M. Mayo	50	–	–
„ J. H. Mayo	50	–	–
Mrs. C. D. Medley	26	11	10
Miss J. Melvill	50	–	–
Miss M. Mickle	50	–	–
„ L. M. Mickle	50	–	–
„ H. J. Mill	50	–	–
Mrs. M. Mills	90	–	–
Miss M. Mills	50	–	–
Mrs. S. Muzio	300	–	–
„ M. F. McClean	73	9	4
Miss J. C McClean	33	7	10
„ M. E. McClean	33	7	10
Mrs. J. Neville	109	16	6
Miss A. E. Neville	49	18	6
„ M. A. Nuthall	45	2	8
Mrs. P. M. Owen	229	17	4
„ S. D. Owen	290	–	–
„ G. Owen	220	–	–
„ H. Palmer	110	–	–
„ M. Parish	202	13	–
Miss M. A. Peppercorne	35	16	3
„ J. Peppercorne	35	16	3
„ S. Peppercorne	35	16	3
„ H. Peppercorne	35	16	3
„ E. G. Powell	50	–	–
Mrs S. E. Pulford	100	19	6
Miss A. L. Pulford	28	–	11
„ B. Pulford (died in 1870–71).	28	–	11
Miss S. Raincock	50	–	–
Mrs. E. Ravenshaw	95	4	–
Edward V. Ravenshaw	43	5	4

List of Pensions in course of Payment in the Year 1870–71—*continued.*

Regular Widows' Fund—*continued.*

Name.	Annual Pension. £.	s.	d.	Name.	Annual Pension. £.	s.	d.	Name.	Annual Pension. £.	s.	d.
Henry W. Ravenshaw -	43	5	4	Miss G. Sharp - -	50	–	–	Miss M. Waterfield - (ceased in 1870–71.)	50	–	–
Miss L. E Ravenshaw -	43	5	4	„ J. Sharp - -	50	–	–	Miss A. Waterfield -	50	–	–
„ M. Rawling - -	32	–	8	„ M. Sharp - -	50	–	–	„ E. Waterfield -	50	–	–
Miss M. J. Restell -	50	–	–	„ A. Simons - -	36	14	8	„ F. Waterfield -	50	–	–
„ F. J Restell -	50	–	–	„ A. B. Simons -	36	14	8	Mrs. M. Waud - -	300	–	–
Mrs. E. P. Ritherdon -	102	9	–	„ M. Sleath - -	120	–	–	Miss E Wheeler - -	42	19	6
Miss J. Ritherdon -	43	11	–	„ E. Smith - -	50	–	–	„ F. Wheeler - -	42	19	6
„ E. Ritherdon -	43	11	–	„ J. Smith - -	50	–	–	„ Caroline Wheeler	42	19	6
Mrs. H. M. Rixon -	105	2	3	Mrs. E. Smith - -	110	–	–	„ Catherine Wheeler	42	19	6
Miss Jane Rixon - -	25	–	7	„ J. Stagg - -	85	14	3	Mrs. C. N. White - -	110	15	4
„ Julia Rixon - -	25	–	7	„ M. Steward - -	130	–	–	Miss L H. W. White -	34	12	4
„ H. Rixon - -	25	–	6	Miss C. A. Stockdale -	36	1	2	Mrs. S. Wilks - -	300	–	–
„ M. Rixon - -	25	–	6	Mrs. A. O. Straith -	300	–	–	„ F. S. P. Wilson -	200	11	8
Mrs. F. Robinson -	300	–	–	„ C. Thompson -	30	–	–	Miss E. H. Wilson -	43	12	1
Miss M. B. Robinson -	50	–	–	„ C. A. Thompson -	143	19	6	„ J. P. Wilson -	43	12	1
„ A. S. Robinson -	50	–	–	Miss C. L. M. Thompson	37	17	9	„ M. Wilson - -	43	12	1
„ S. A. Rothney -	50	–	–	„ E. Thompson -	50	–	–	„ F. S Winfield -	50	–	–
„ E. A. Rothney -	50	–	–	„ A. Thompson -	50	–	–	„ M. E. Winfield -	50	–	–
Mrs. F Rouse - -	300	–	–	„ S. J. Trew - -	50	–	–	„ S. Winfield - -	50	–	–
„ E. M. Rouse -	300	–	–	„ J. J. Upton (ceased in 1870–71).	50	–	–	„ A. Winfield (who died in 1870–71).	50	–	–
„ A. F. Royle - -	60	–	–	„ J. A. Upton - -	50	–	–	Mr. M. Wright - -	237	10	–
Miss A. J. Royle - -	50	–	–	Mrs. J Upton - -	270	–	–	Miss S M. Wright -	47	10	–
William H. L Royle -	50	–	–	„ S. A. Upton - -	50	–	–	Mrs. J. Wright - -	230	–	–
Edmund E. F. Royle -	50	–	–	„ Ellen Waghorn -	50	–	–	Miss C. M. Wright -	50	–	–
Miss E. Ryle - -	75	–	–	„ Emily Waghorn -	50	–	–	„ E. Wright (ceased in 1871–72).	50	–	–
Mrs. S. Sabine - -	214	17	9	Mrs. F. Walker - -	140	12	6	Mrs. E. Yates - -	300	–	–
Miss S. Sabine - -	38	7	5	Miss F. Walker - -	46	17	6	Miss Ellen Young -	50	–	–
„ M. A. Sabine -	38	7	5	Mrs. M. Walker - -	114	7	10	„ Emily Young -	50	–	–
Mrs. A. Sandoz - -	300	–	–	Miss M. P. Walker -	40	17	2				
Miss C. Seally - -	50	–	–	Mrs. E. Waterfield -	60	–	–				
„ M. A. Sharp -	50	–	–								

Elders' Widows' Fund.

Name	£.	s.	d.	Name	£.	s.	d.	Name	£.	s.	d.
Mrs. P. Bamfield - -	64	–	–	Mrs. H. Ford (died in 1871–72).	20	–	–	Francis J. Mitchell -	4	16	–
„ M. Barnes - -	24	–	–	„ J. Fox - - -	24	–	–	Miss M. Mitchell - -	4	16	–
„ J. Barth -	56	–	–	„ A. Freemantle -	20	–	–	„ A. C. Mitchell -	4	16	–
A. Beard (died in 1871–72).	80	–	–	„ F. A. Fry - -	16	–	–	Mrs. S. J. R. Moncrieff -	16	–	–
„ M. A. Bonnewell -	24	–	–	„ A. Gibson - -	40	–	–	Miss E. M Morgan -	40	–	–
Miss A. Bonnewell -	8	–	–	„ M. A. Greenhough	40	–	–	Hamilton G. G. Morgan	12	–	–
„ C. Bonnewell -	8	–	–	„ E. Hall - -	56	–	–	Mrs. F. M. Morgan -	12	–	–
Alexander B Bonnewell	8	–	–	„ A. Hervey - -	40	–	–	„ S Moses - -	64	–	–
Henry A. Bonnewell - -	8	–	–	„ H. Hill - -	12	–	–	„ C. A. Mounier - -	80	–	–
Mrs. E A. Bowen -	48	–	–	„ H. Hogsflesh -	40	–	–	„ L. Murray - -	80	–	–
„ A. M. Box - -	80	–	–	„ L. Howell - -	15	–	–	Miss A. Norris (ceased in 1870–71).	6	8	–
„ M. Boyland - -	20	–	–	„ F. Jackson - -	24	–	–	Mrs. E. A. Oliver -	24	–	–
„ S. C. Brock - -	18	–	–	„ M. Jackson (died in 1870 71).	48	–	–	„ C. Osborne - -	20	–	–
„ C. Bryant - -	64	–	–	„ M. C. Jones - -	35	–	–	„ J. Ovenden - -	80	–	–
„ A. Bunn - -	32	–	–	„ J. Jones - -	80	–	–	„ C. Payne - -	80	–	–
„ F Busby - -	56	–	–	„ E. Lake - -	64	–	–	Frank F. Payne - -	12	–	–
„ M. Cox - -	20	–	–	„ E. Lane - -	56	–	–	Alfred F. Payne - -	12	–	–
Miss H. E. Daniell -	12	–	–	„ R Langcake -	40	–	–	Miss A. Payne - -	12	–	–
„ F. M. Daniell -	12	–	–	„ J. Larrett - -	12	–	–	„ E. Payne - -	12	–	–
Walter M. Daniell -	12	–	–	„ J. Lawrence - -	24	–	–	Mrs. J. Peters - -	12	–	–
Miss C. A. Daniell -	12	–	–	„ E. Lindup - -	16	–	–	Miss M. Peters (ceased in 1871–72).	4	16	–
Mrs. M. C De Fivas -	15	–	–	William D. Larrett -	4	16	–	Miss C. Peters - -	4	16	–
„ M. Dewdney -	24	–	–	Mrs. A. Mack (died in 1871–72).	16	–	–	Charles Peters - -	4	16	–
„ M. A. J. Disney -	12	–	–	„ E. Marshall - -	28	–	–	Mrs. M. A. Pidding -	12	–	–
„ C Doggett - -	36	–	–	„ E Messenger -	40	–	–	„ A. Pittman - -	48	–	–
„ S. Doyle - -	40	–	–	„ E. A. R. Mills (died in 1870–71).	56	–	–	„ M. Price - -	12	–	–
„ A. Drew - -	32	–	–	„ A. Mitchell - -	18	–	–	„ E. Raymont - -	80	–	–
„ H Dunster - -	12	–	–	George C. Mitchell -	4	16	–	„ A. E. Ritchie -	40	–	–
„ M. A. Durell -	20	–	–					„ E. Rothney - -	12	–	–
„ J. Evans - -	12	–	–					„ E. Ruddick - -	24	–	–
„ A. Flenley - -	20	–	–								

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

ELDERS' WIDOWS' FUND—*continued.*

NAME.	Annual Pension.			NAME.	Annual Pension.			NAME.	Annual Pension.		
	£.	s.	d.		£.	s.	d.		£.	s.	d.
Mrs. P. A. Sanders	56	–	–	Mrs. S. Tasker	24	–	–	Mrs. S. Webb	32	–	–
„ H. Scarman (died in 1871–72).	24	–	–	„ S. Thrush	32	–	–	„ J. Webster	40	–	–
				„ M. A. Varnell	15	–	–	„ M. A. Williams	56	–	–
„ S. Seabrook	40	–	–	Miss M. A. E. Varnell	4	16	–	„ L. Williams (died in 1870–71).	80	–	–
„ E. Shaw	56	–	–	„ A. Varnell	4	16					
„ M. Smithson	20	–	–	„ C. Varnell	4	16	–	„ A. Wise	12	–	–
„ G. Snook	16	–	–	Samuel Varnell	4	16	–	„ R. J. Wyatt	12	–	–
„ M. Snook	56	–	–	Richard Varnell	4	16	–	Miss A. L. Wyatt	4	16	–
„ S. Stradley	12	–	–	Mrs. E. Voisey	56	–	–	James Wyatt	4	16	–
„ M. A. Tasker	16	–	–	„ S. Watson	16	–	–	Charles Wyatt	4	16	–

PENSIONS granted to Members of the East India Company's late St. Helena Establishment; in addition to the Pensions granted them by Her Majesty's Government.

NAMES.	———	Annual Pensions.		
		£.	s.	d.
Mr. Thomas B. Brooke	Civil Servant	62	10	–
„ John Young	ditto	67	10	–
„ John G. Doveton	ditto	30	–	–
„ Robert Brooke	ditto	30	–	–
„ Stephen F Pritchard	ditto	50	–	–
Dr. James Arnott	Superintending Surgeon	49	–	–
Brevet Captain W. K. Doveton	Artillery	13	19	–
Lieutenant G W. Melliss	ditto	12	12	–
„ W. P. Sampson	Infantry	12	3	–
„ C. S. T. Bond	ditto	12	3	–
„ T. B. Knipe	ditto	21	12	–
„ T. S. Reed	ditto	21	12	–
„ J. B. Alexander	ditto	23	–	–
Ensign G. S Chadwick	ditto	19	–	–
„ C. Pritchard	ditto	19	–	–

PENSIONS granted to Members of the UNCOVENANTED SERVICE of *India.*

NAME.	Annual Pension.			NAME.	Annual Pension.		
BENGAL PRESIDENCY:	£.	s.	d.		£.	s.	d.
J. Adam	200	–	–	Captain A. Brooking	200	–	–
G. Allan	180	–	–	T. B Cann (died in 1870–71)	200	–	–
W. Anderson (died in 1870–71)	200	–	–	P. Campbell	303	6	–
H. J. Bamber	500	–	–	J. Christie	500	–	–
Captain H. Barrow	300	–	–	J. Cochrane	600	–	–
S. Bartlett	72	–	–	F. Crank	500	–	–
J. Beaume	114	6	–	W. Dicey	300	–	–
J. R. B. Bennett	631	16	–	C. K. Dove	600	–	–
D. R. Berwick	90	–	–	H. Doveton (died in 1870–71)	395	8	–
W. C. Bruton	350	–	–	E. Edmond	75	–	–
Captain C. Burbank (died in 1871–72).	570	–	–	G. H. Eckford	183	–	–
				E. C. Edwards	132	–	–

Appendix, No. 25.

List of Pensions in course of Payment in the Year 1870–71—*continued.*

Pensions granted to Members of the Uncovenanted Service of *India—continued.*

Name.	Annual Pension. £.	s.	d.
Bengal Presidency—*cont^d*			
T. J. Fallon	400	–	–
G. Field	500	–	–
J Gilbert	219	18	–
J. Gourlay	150	–	–
G. F. Gottlieb	240	–	–
Captain R. Goodwin	120	12	–
G. B. Hampton (died in 1870–71).	402	6	–
G. Hill	108	–	–
Captain T. H. Hodge	199	16	–
C. Hollings	565	13	10
E. W. Hoppner	276	–	–
R. Jones	360	–	–
C. F. A Kelly	330	–	–
J. Lindsay	198	18	–
E. Lodge	360	–	–
W. J. Lloyd	153	6	–
H. Lundie	240	–	–
J Middleton	360	–	–
H. Moate	129	–	–
J. W. Masters	180	–	–
C. J. Muller	385	10	–
H. J Muston	199	16	–
C. Nuttall	240	–	–
G. Osborne	500	–	–
W S. Price	368	2	–
J. Peyton	360	–	–
H. J. Procter (died in 1870–71)	133	4	–
A. Rodyk	400	–	–
J. Rostan	307	16	–
Captain J G. Reddie	300	–	–
W. O. Rogers	39	18	–
J. S Spankie	250	–	–
C. J Shelverton	300	–	–
H. H. Sevenoaks	222	18	–
Dr. A. J. Sheridan	386	8	–
W. H. Smoult (died in 1870–71)	720	–	–
Captain F. Stokes	112	–	–
P. C. Turnbull	199	16	–
W. H. Urquhart	500	–	–
G. Webb	300	–	–
M. Wylie	800	–	–
Madras Presidency:			
W. Black	120	–	–
G. A. Baswell	84	4	–
E. Cullin (died in 1871–72)	300	–	–
C. Dale	400	–	–
J. J. Franklin	500	–	–
E. Mahoney	312	–	–
J. Marshall (died in 1870–71)	120	–	–
H. Smith	250	–	–
Bombay Presidency:			
F. P. Baker	129	6	–
A. Baker	200	–	–
Henry Ball	240	–	–
Charles Bannerman	304	10	–
W. H. Bell	158	8	–
T. H. Bentley	181	16	–
G. C. M. Birdwood	270	–	–
F. L. Brown	500	–	–
A. W Clarke	386	8	–
Robert Clugston	124	16	–
Ardraser Cursetjee	480	–	–
T. B. Curtis	342	2	8
N A. Dalzell	500	–	–
A. F. Davidson	345	6	–
R. Eddy (died in 1870–71)	109	4	–
A. W. Elliott	330	–	–
A. D. Fallon	270	–	–
Charles Forjett	720	–	–
James Geddes	151	4	–
Dr J. Harkness	200	–	–
D. B. Hodge	240	–	–
John Hodgart	305	14	–
J. F. Hore	500	–	–
J. L. Hynes	376	4	–
W. Johnson	120	–	–
E. Leckey (died in 1870–71)	116	18	1
James McKenzie	160	–	–
David McLaren	280	–	–
E. J Martinnant	180	–	–
E. Nash	166	4	–
C. O'Brien	80	–	–
W. H. Payne	400	–	–
W. A. Pelly	333	6	–
H. Rassam	300	–	–
Dr. R. T. Reid	162	2	6
Robert Scott	237	–	–
T. Selby	500	–	–
W. J. Surtees	213	18	–
George Wood	186	12	–

Pensions granted for Distinguished Services.

Names.	Annual Pension. £.	s.	d.
Field Marshal Sir George Pollock, Bart., G.C.B., G.C.S.I., as a special mark of the sense entertained of the foresight, judgment, decision, and energetic resolution evinced by him when in command of the forces at Peshawar; during his brilliant and successful operations in the Kyber Pass; for the relief of Jallalabad, and his subsequent triumphal march to Cabul, by which he vindicated the honour, and maintained the reputation, of the British arms and nation	1,000	–	–

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted for Distinguished Services—*continued.*

NAMES.	Annual Pension. £.	s.	d.
Lieutenant General Sir Archdale Wilson, Bart., G.C.B., in consideration of his skill, sound judgment, steady resolution, and gallantry in the operations which resulted in the storm and capture of Delhi - - - - - - - - -	1,000	-	-
The Right Honourable Lord Lawrence, G.C.B., G.C.S.I., in testimony of the high sense entertained of his public character and conduct throughout a long and distinguished career - - - - - - - - - - - - -	2,000	-	-
Sir George Russell Clerk, K.C.B., G.C.S.I., to mark the sense entertained of the character of his services during a period of upwards of 40 years - - -	1,000	-	-
Lieutenant Colonel G. A. Malcolm — In consideration of the eminent services of their father, the late Major General Sir John Malcolm - - - - -	200	-	-
Miss A. A. Malcolm - - -	100	-	-
„ C. W. Malcolm - - -	100	-	-
Mrs. R. W. Wilson, in consideration of the eminent services of her husband, the late Major General Sir W. Nott, G.C.B. - - - - - - - - -	200	-	-
Mrs. Charlotte Bower — In consideration of the eminent services of their father, the late Major General Sir W. Nott, G.C.B. - - -	100	-	-
„ M. Nicholetts -	100	-	
Lady Neill, as a mark of the high sense entertained of the services of her late husband, Brigadier General Neill, of the Bengal Army, in addition to the allowances which his family are entitled to under the Regulations - - -	500	-	-
Mrs. Nicholson, in recognition of the brilliant career and eminent services of her son, the late Brigadier General John Nicholson, of the Bengal Army, who died of wounds received in action 23rd September 1857 - - - -	500	-	-
Sir F. B. Outram, Bart., in consideration of the high sense entertained of the services of his father, the late Lieutenant General Sir James Outram, Bart., G.C.B., in the course of his long and brilliant career, and more particularly those connected with the defence and final conquest of Lucknow - - - - - - -	1,000	-	-
Sir H. H. Lawrence, Bart., as a special mark of the high appreciation of the qualities which eminently distinguished his grandfather, the late Major General Sir Henry Lawrence, K.C.B., as a soldier, an administrator, and a statesman; and of his services during his long career, and especially in the defence of the Residency of Lucknow, the success of which is mainly to be attributed, under Divine Providence, to his exertions, judgment, and professional skill - -	1,000	-	-
Miss M. Jacob — In consideration of the eminent and distinguished services of their brother, the late Brigadier General John Jacob, C.B. -	150	-	-
„ S. F. Jacob	150	-	-
The Countess of Elgin and Kincardine, as a mark of the high sense entertained of the valuable services of the late Earl of Elgin and Kincardine, Viceroy and Governor General of India, and in consideration of his premature death - -	1,000	-	-

PENSIONS granted for JUDICIAL SERVICES.

NAMES.	OFFICE.	Annual Pension. £.	s.	d.
Sir L. Peel - - - -	Chief Justice, Bengal - - - - -	2,000	-	-
„ E. Ryan - - - -	- - ditto - - - - - - -	2,000	-	-
„ B. Peacock - - -	- - ditto - - - - - - -	2,000	-	-
„ J. Colvile - - - -	- - ditto - - - - - - -	1,500	-	-
„ C. Jackson - - -	Judge High Court, Calcutta - - - -	1,500	-	-
„ E. J. Gambier - - -	Chief Justice, Madras - - - - -	1,600	-	-
„ C. Rawlinson - - -	- - ditto - - - - - - -	1,600	-	-
„ W. W. Burton - - -	Puisne Judge - - - - - - -	1,200	-	-
„ A. Bittleston - - -	- - ditto - - - - - - -	1,200	-	-
„ T. E. Perry - - -	Chief Justice, Bombay - - - - -	1,600	-	-
„ W. Yardley - - -	- - ditto - - - - - - -	1,600	-	-
„ J. W. Awdry - - -	- - ditto - - - - - - -	1,200	-	-
„ J. Arnould - - -	Puisne Judge - - - - - - -	1,200	-	-
„ R. B. M'Causland - -	Recorder of Singapore - - - - -	800	-	-

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted for ECCLESIASTICAL SERVICES.

NAMES.	OFFICE.	Annual Pension.		
		£.	s.	d.
Dr. Harding	Bishop of Bombay	800	–	–
Rev. T. Robinson	Archdeacon of Madras	800	–	–

PENSIONS granted to the Families of Officers of the Indian Navy, in addition to their Pensions from the Indian Navy Funds.

NAMES.	—	Annual Pension.		
		£.	s.	d.
Mrs. E. Barnard (died 1870–71)	Widow of a Lieutenant	37	12	–
„ L. G. Boulderson	- ditto - Commander	68	8	9
„ C. M. Conolly	- ditto - Purser	45	12	6
„ E. J. Fell	- ditto - Commander	68	8	9
„ F. Ford	- ditto - Carpenter	15	–	–
„ Ellen Gardner	- ditto - Commander	68	8	9
„ A. H. King	- ditto - Lieutenant	45	12	6
„ S. A. King	- ditto - Lieutenant	45	12	6
„ C. J. Montriou	- ditto - Commander	91	5	–
„ A. Pepper	- ditto - Captain	91	5	–
„ M. Powell	- ditto - Captain	91	5	–
„ J. H. S. Sanders	- ditto - Captain	91	5	–
„ M. A. Stockham	- ditto - Purser	45	12	6
„ R. Skottowe	- ditto - Lieutenant	45	12	6
„ A. Sutherland	- ditto - Purser	45	12	6
„ A. M. Ward	- ditto - Purser	45	12	6

PENSIONS granted to the Families of Members of the Bengal Pilot Service.

NAMES.	—	Annual Pension.		
		£.	s.	d.
Mrs. J. Atkinson	Widow of a Pilot	36	–	–
„ M. Bartlett	- ditto - Branch Pilot	120	3	4
„ E. F. Bartlett	- ditto - Branch Pilot	120	3	6
Children Bartlett	Children of Branch Pilot	100	16	–
Children Baylis	- ditto - Mate Pilot	69	–	–
Mrs. M. Beamont and children	Widow of Branch Pilot	161	–	–
Miss J. E. Bonnette	Daughter of Pilot	24	–	–
„ C. Brown	- ditto - Branch Pilot	24	–	–
Children Bruce	Children of a Master Pilot	66	14	–
Miss E. Cearns (died 1870–71)	Daughter of a Master Pilot	23	–	–
Mrs. H. Cox	Widow of a Mate Pilot	34	10	–
„ E. Cox and children	- ditto - Master Pilot	117	6	–
„ E. A. Etheridge and child	- ditto - Branch Pilot	151	16	–
Miss Louisa Fielder (died 1871–72)	Daughter of a Pilot	24	–	–
Mrs. R. Filby	Widow of a Branch Pilot	115	–	–
E. H. E. Fletcher	Son of a Pilot	13	16	–
O. G. S. Fletcher	- ditto Pilot	13	16	–
Mrs. H. Gill	Widow of a Master Pilot	60	1	9
„ A. A. Gill	- ditto - Branch Pilot	115	–	–
„ E. H. Girard and children	- ditto - Mate Pilot	98	18	–
„ J. Hand	- ditto - Pilot	120	3	6

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted to the Families of Members of the Bengal Pilot Service—*continued.*

NAMES.		Annual Pension.		
		£.	s.	d.
Children Harris - - -	Children of a Branch Pilot - - -	38	8	–
Mrs. M. A. Higgens and children	Widow of a Branch Pilot - - - -	211	7	–
„ M. N. Hotson and children	- ditto - Master Pilot - - - -	126	10	–
„ Jackson and child - -	- ditto - Branch Pilot - - - -	144	4	–
Miss Isabella Laing - -	Daughter of a Branch Pilot - - -	23	–	–
Mrs. M. Locken - - -	Widow of a Master Pilot - - - -	60	1	8
Miss Eleanor Locken - -	Daughter of a Master Pilot - - -	24	–	8
„ M. E. Locken - -	- ditto - Master Pilot - - -	23	–	–
Mrs. M. Lloyd (died 1871–72) -	Widow of a Branch Pilot - - - -	120	4	–
„ M'Dougall - - -	- ditto - Pilot - - - - -	57	10	–
Miss E. H M'Dormond - -	Daughter of a Pilot - - - - -	23	–	–
Mrs. J. Obbard and child -	Widow of a Master Pilot - - - -	80	10	–
„ S. A. Porter and children	- ditto - Branch Pilot - - - -	197	16	–
„ Ralphs and children -	- ditto - Branch Pilot - - - -	158	14	–
„ M. M. Ransom - -	- ditto - Branch Pilot - - - -	120	3	6
Miss J. M. Rawlins - -	Daughter of a Pilot - - - - -	23	–	–
Mrs. M A. Roberts - -	Widow of a Branch Pilot - - - -	144	4	7
„ M. M Robinson - -	- ditto - Pilot - - - - -	60	1	9
„ C. Scallan and children -	- ditto - Branch Pilot - - - -	192	3	–
„ M. Simons and child -	- ditto - Mate Pilot - - - -	48	6	–
Miss F. A. Todd - - -	Daughter of a Pilot - - - - -	23	–	–
Mrs. E. M. Vincent and children	Widow of a Branch Pilot - - - -	188	12	–
„ E. Warden - - -	- ditto - Pilot - - - - -	60	–	–
Miss B. J. Warden - - -	Daughter of a Pilot - - - - -	24	–	–
Mrs. E. Warden and child -	Widow of a Master Pilot - - - -	71	6	–
„ E. E. Welsh - - -	- ditto - Branch Pilot - - - -	120	3	6
„ S. Youngs - - -	- ditto - Branch Pilot - - - -	120	–	–

PENSIONS granted to the Families of Officers who lost their Lives in the INDIAN MUTINY, or who were killed in Action with the Enemy, or who died of Wounds so received.

NAMES.		Annual Pensions.		
		£.	s.	d.
Mrs. Anderson and child -	Widow of Major John Anderson of the Engineers, died at Lucknow, 11th August 1857.	140	–	–
Mrs. H. C. Angelo and three children.	Widow of Lieutenant F. C Angelo, 16th Regiment Native Infantry, killed by mutineers, 30th November 1857.	99	–	–
Mrs. Anderson and three children.	Widow of Captain A. J. Anderson, 38th Regiment Native Infantry, killed at Lucknow, 10th March 1858.	118	–	–
Mrs. C. M. Burgess and child -	Widow of Captain Francis Jacques Burgess, 74th Regiment Native Infantry, killed at Jhansi on 8th June 1857.	86	–	–
Mrs. C. Birch and three children.	Widow of Captain T. C. Birch, 31st Regiment Native Infantry, killed by the mutineers at Allahabad, 6th June 1857.	118	–	–
Children Bishop - - -	Children of Captain W. L. M. Bishop, 46th Regiment Native Infantry, murdered by the mutineers at Sealkote on 9th July 1857.	32	–	–
Mrs. E. J. Becher and child -	Widow of Captain A. A. Becher, 40th Regiment Native Infantry, who died of wounds received at Lucknow, 8th October 1857.	86	–	–
Mrs H. S. Brind and two children.	Widow of Brevet Colonel Frederick Brind, C.B., Artillery, killed by the mutineers at Sealkote, 10th July 1857.	250	–	–
F. R. Byng - - - -	Son of Major the Honourable R. B. P. Byng, 62nd Regiment Native Infantry, killed by the mutineers at Alumbagh on 18th December 1857.	20	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd*.

NAMES.		Annual Pension. £.	s.	d.
Children Bruere (4) - -	Children of Major Charles T. Bruere, 13th Regiment Native Infantry, killed at Lucknow, 3rd September 1857.	80	-	-
Miss C. M. Bowling - -	Daughter of the late Assistant Surgeon J. P. Bowling, murdered with his wife and youngest child at Cawnpore 27th June 1857.	14	-	-
Mrs. E. Paton Brown - -	Mother of Lieutenant John H. Browne, 32nd Regiment Native Infantry, killed by the mutineers at Delhi, 6th August 1857.	40	-	-
Mrs. Charlotte Blake - -	Widow of Captain and Brevet Major M. T. Blake, of the 54th Regiment Native Infantry, killed by the mutineers at Gwalior on the 14th June 1857.	70	-	-
Miss Barlow - - - -	Daughter of the late Lieutenant and Brevet Captain G. R. P. Barlow, 50th Regiment Native Infantry, who died at Lucknow during the siege on the 21st August 1857.	14	-	-
Mrs. Banks and one child	Widow of Major J. S. Banks, of the 33rd Regiment Native Infantry, killed at Lucknow.	140	-	-
Mrs. D. A. Barker - - -	Mother of Lieutenant A. P. Barker, Bombay Establishment, killed in action.	40	-	-
Miss M. E. Broadfoot - -	Sister of Brevet Major George Broadfoot, Madras Establishment, killed in action, 21st December 1845.	100	-	-
Miss A. T. Broadfoot - -	Sister of Brevet Major George Broadfoot, Madras Establishment, killed in action, 21st December 1845.	100	-	-
Mrs. C. Bamfield - - -	Widow of Major Bamfield, killed in action at Chillianwallah.	120	-	-
Miss S. J. Beale - - -	Sister of an Overseer, Public Works Department, killed at Lucknow.	20	-	-
Miss C. L. Bowling - -	Sister of Surgeon H. H. Bowling, of the 28th Regiment Native Infantry, killed by the mutineers at Shahjehanpore, 31st May 1857.	20	-	-
Mrs. C. J. de C. Bagshawe -	Widow of Lieutenant Bagshawe, 36th Regiment Bengal Native Infantry, died 12th June 1857.	60	-	-
Mrs. C. E. Beatson and child -	Widow of Captain W. S. Beatson, 1st Bengal Light Cavalry, who died from the effects of exposure to the sun, during the engagement of 16th July 1857.	86	-	-
Mrs. M. F. Bolton - - -	Widow of Captain T. W. Bolton, 2nd Bengal Native Infantry, who died from wounds received in action at the battle of Ferozeshah.	70	-	-
Mrs. M. A. Cooper and child -	Widow of Brevet Major G. L. Cooper, of the Artillery, killed at Lucknow, 26th September 1857.	90	-	-
Mrs. R. M. Coopland and son -	Widow of the Rev. G. W. Coopland, killed by the mutineers at Gwalior on 15th June 1857.	86	-	-
Mrs. Margaret M. Chester -	Widow of the late Brevet Colonel Chester, Adjutant General of the Army, killed at Delhi, 8th June 1857.	120	-	-
Mrs. E. L. Cookson - -	Widow of Lieutenant Cookson, Bengal Establishment, killed in action at Meanee.	60	-	-
Mrs. Ann Conolly - - -	Widow of the late Mr. H. V. Conolly, of the Madras Establishment, murdered at Calicut, 11th September 1855.	200	-	-
H. C. Cameron - - -	Son of the late Mr. R. Cameron, who died at Lucknow during the siege.	26	-	-
Miss Douglas - - - -	Daughter of Lieutenant C. R. G. Douglas, 22nd Regiment Native Infantry, killed by the mutineers at Delhi on 11th May 1857.	14	-	-

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd.*

NAMES.	———	Annual Pension.		
		£.	s.	d.
Mrs. M. Dalyell - - -	Widow of the late Major and Brevet Lieutenant Colonel Thomas Dalyell, 42nd Regiment Light Infantry, killed at Saugor, 18th September 1857	120	–	–
Mrs. E. B. Dashwood and two children,	Widow of Lieutenant A. J. Dashwood, 48th Regiment Native Infantry, who died on the 9th July 1857, from wounds received during the Siege of Lucknow	88	–	–
Mrs. Jane Dashwood - -	Widow of Captain Dashwood, Bengal Horse Artillery, killed in action	70	–	–
Miss Florence H. Elms - -	Daughter of Captain Edward J. Elms, 1st Regiment Native Infantry, killed at Cawnpore, 27th June 1857.	16	–	–
Mrs. E. A. English - -	Widow of Lieutenant A. F. English, 22nd Regiment Native Infantry, killed by the mutineers at Mohadubbah on 8th June 1857.	60	–	–
Mrs. E. A. Edwards - -	Widow of Lieutenant E. M. Edwards, of 54th Regiment Native Infantry, who was killed at Delhi on 11th May 1857	60	–	–
Mrs. S. H. Fagan and four children.	Widow of Captain Fagan, Bengal Artillery, killed in action at Delhi, 12th September 1857	134	–	–
Mrs. Lucy Fisher - - -	Widow of Captain John Fisher, of the 23rd Regiment Bengal Native Infantry, killed in action at Sobraon, on the 16th February 1846	70	–	–
Mrs. S. J. Fulton and four children.	Widow of Captain G. G. W. Fulton, Bengal Engineers, killed at Lucknow on 14th September 1857.	134	–	–
Mrs. S. J. Fulton - - -	An additional pension granted in consideration of the services of her husband, during the Siege of Lucknow, when officiating as chief engineer, from 11th July to 14th September 1857, the day on which he was killed	100	–	–
Mrs. S. M. Fraser - - -	Widow of Captain E. Fraser, of the Engineers, killed by the mutineers at Meerut, 16th May 1857.	86	–	–
Mrs. G. Ferris and three children	Widow of Captain J. H. Ferris, of the Invalids, killed at Gwalior on 18th June 1857.	118	–	–
Mrs. S. B. D. Finnis and child	Widow of the late Brevet Colonel J. Finnis, 11th Regiment Bengal Native Infantry, killed in India by the mutineers.	225	–	–
Mrs. Fullerton and two children	Widow of Lieutenant J. Fullerton, 16th Regiment Native Infantry, accidentally killed at Lucknow on 15th September 1857.	88	–	–
Mrs. E. Furnell - - -	Widow of the late local Lieutenant W. H. Furnell, of Alexander's Horse, killed in action 15th May 1858.	60	–	–
Mrs. F. Guise and two sons -	Widow of Captain Henry John Guise, 13th Regiment Irregular Cavalry, killed at Benares, 4th June 1857.	102	–	–
Mrs. Garbett - - - -	Widow of Surgeon Christopher Garbett, who died of wounds at Cawnpore 20th June 1857.	70	–	–
Mrs. C. Gordon - - -	Widow of Captain Charles Gordon, of the 74th Regiment Native Infantry, who was killed by the mutineers at Delhi, 11th May 1857.	70	–	–
Miss E. M. Garner - - -	Daughter of Assistant Surgeon H. Garner, killed 25th July 1857, at Segowlee.	14	–	–
Mrs. Jessie Garbett and child -	Widow of Lieutenant Colonel H. Garbett, of the Artillery, who died of wounds received at Delhi on 14th January 1858.	225	–	–
Mrs. H. M. Groom - -	Widow of Lieutenant W. T. Groom, of the 1st European Regiment, who died of wounds at Lucknow on 21st October 1857.	74	–	–

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd.*

NAMES.	———	Annual Pension.		
		£.	s.	d.
Mr. J. F. Griffith and child	Widow of the late Brevet Major H. Griffith, Madras Establishment, who died at Rangoon of a *coup de soleil*.	86	-	-
Mrs. L. Gardner	Widow of Captain C. Gardner, 40th Regiment Bengal Native Infantry, killed in action.	70	-	-
Mrs. E. M. Griffin, (died 1871–72).	Widow of the late Captain Griffin, Bengal Establishment, killed in action.	70	-	-
Mrs. M. A. S. Gerrard	Widow of the late Lieutenant Colonel Gerrard, 1st Bengal Fusiliers, died of wounds received in action with the mutineers.	250	-	-
Mrs. J. L. H. Gillies and child	Widow of Lieutenant W. A. B. Gillies, Royal Artillery, killed in action, 22nd October 1863.	74	-	-
Mrs. E. Gall	Widow of Brevet Major Gall, Madras Army, killed by the mutineers, 13th June 1857.	70	-	-
Mrs. S. A. Graham and daughter	Widow of Lieutenant J. Graham, 4th Regiment Light Cavalry, who committed suicide at Lucknow on 5th September 1857.	74	-	-
Mrs. E. A. Harris	Widow of Major Alfred Harris, 1st Regiment Light Cavalry, killed by the mutineers at Mhow, 1st July 1857.	120	-	-
Children Heathcote (two)	Children of Surgeon J. G. Heathcote, of the 10th Native Infantry, murdered, with his wife and two children, at Cawnpore, 15th July 1857.	32	-	
Miss S. H. Handscomb and Mrs. M. H. Dupont.	Sisters of Brevet Colonel J. H. Handscomb, killed at Lucknow by the mutineers, 31st May 1857.	80	-	-
Miss Jane Hathorn	Only sister of Captain H. V. Hathorn, 18th Regiment Native Infantry, killed by the mutineers on 6th June 1857.	32	-	-
Mrs. M. M. Hilliard and two children.	Widow of Lieutenant T. H. Hilliard, of the 23rd Regiment Native Infantry, killed by the mutineers at Chutteerea, 31st May 1857.	88	-	-
Mrs. F. M. Henderson and two children.	Widow of Lieutenant D. H. Henderson, 20th Regiment Native Infantry, killed at Meerut, 10th May 1857.	88	-	-
Mrs. G. R. Hawkins and child	Widow of Captain A. W. Hawkins, of the Artillery, killed at Gwalior on 15th June 1857.	86	-	-
Mrs. J. L. C. Houghton	Widow of Lieutenant R. R. Houghton, Madras Establishment, who died from the effects of a *coup de soleil* received during action.	60	-	-
Mrs. S. A. Hodson	Widow of the late Brevet Major W. S. R. Hodson, Bengal Army, died of wounds received in action, 12th March 1858.	70	-	-
Ditto	An additional pension granted on account of the services of her husband.	100	-	-
Mrs. A. Hawes and four children.	Widow of Captain Hawes, 2nd Bengal European Regiment, killed in the discharge of his duty.	134	-	-
Miss E. R. Hart	Daughter of Captain Hart, 39th Madras Native Infantry, killed, 12th November 1858.	16	-	-
Mrs M. J. Hastings and three children.	Widow of Captain W. I. M. Hastings, 47th Madras Native Infantry, who died from exposure during the Mutiny.	118	-	-
Mrs. A. A. Hare and three children.	Widow of the late Brevet Major George Hare, Madras Establishment, murdered 1st December 1858.	72	7	6
Children Harding	Children of the late Major G. W. Harding, Bombay Staff Corps, killed at Ombeyla Pass.	40	-	-
Mrs. Agnes Hebbert	Widow of Captain H. T. Hebbert, Bombay Staff Copps, killed, in 1867, in an encounter with a band of rebels in Kattywar.	240	-	-
Mrs. M. N. Jennings	Widow of Rev. M. J. Jennings, B.A., killed by the mutineers at Delhi, 1857.	250	-	-

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd.*

NAMES.	————	Annual Pension. £.	s.	d.
Mrs. C. H. James and son	Widow of Captain Marshall James, 28th Regiment Native Infantry, killed by the mutineers at Shahjehanpore on 31st May 1857	86	–	–
Mrs. E. S. Jackson	Widow of Brevet Major Jackson, Bombay Establishment, killed in action at Meanee.	70	–	–
Mrs. Ellen Kirk and three children.	Widow of Surgeon R. W. Kirk, M.D., killed by the mutineers at Gwalior on 15th June 1857.	118	–	–
Miss Isabella Kay	Sister of the late Mr. J. C. Kay, Deputy Superintendent, Cawnpore Terminal Division, Ganges Canal, killed by the mutineers at Cawnpore, 27th June 1857.	21	–	–
Miss M. A. Lindsay	Daughter of Brevet Major William Lindsay, of the 10th Regiment Native Infantry, killed by the mutineers at Cawnpore, 18th June 1857.	16	–	–
Mrs. E. W. Lumsden and four children.	Widow of Brevet Captain John T. Lumsden, 30th Regiment Native Infantry, killed at Lucknow, 16th October 1857.	100	–	–
Mrs. Mary Lester	Mother of Lieutenant H. S. Lester, 32nd Regiment Native Infantry, who died of wounds received at Lucknow, 16th July 1857.	40	–	–
Mrs. C. M. A. Lyell and son	Widow of Assistant Surgeon Robert Lyell, killed by the mutineers at Patna, 3rd July 1857.	74	–	–
Miss Ada Lewin	Daughter of Lieutenant E P Lewin, of the Artillery, killed by the mutineers at Lucknow on the 26th July 1857.	14	–	–
Mrs. L. C. S. Leathes	Widow of Lieutenant Leathes, Bengal Establishment, killed in action.	60	–	–
Mrs. R. W. La Touche and child	Widow of Captain C. R. La Touche, Bombay Staff Corps, killed, in 1867, in an encounter with a band of rebels in Kattywar.	326	–	–
Mrs. Jane Mawe and four children.	Widow of Assistant Surgeon Thomas Mawe, who died at Munneapore on 28th June 1857	100	8	6
Mrs. Louisa Moore	Widow of Assistant Surgeon Thomas Moore, killed by the mutineers at Sumbulpore, 17th November 1857.	100	–	–
Mrs. E. C. M. Maclean	Mother of Captain W. G. M. Maclean, 71st Regiment Native Infantry, killed by the mutineers at Lucknow, 30th June 1857.	50	–	–
Mrs. Emily G. Mackenzie	Widow of Captain and Brevet Lieutenant Colonel Murray Mackenzie, of the Artillery, who died on 5th October 1857, of wounds received in action before Delhi.	275	–	–
Children Macdonald (3)	Children of Captain D. Macdonald, of the 20th Regiment Native Infantry, killed at Meerut, 10th May 1857.	48	–	–
Mrs. Maria Mill and two children	Widow of Brevet Major John Mill, of the Artillery, who lost his life while attempting to escape from the mutineers at Fyzabad on the 8th June 1857.	102	–	–
Mrs. Mary Macdonald and two children.	Widow of Surgeon J. B Macdonald, who died at Lucknow on 8th August 1857.	102	–	–
Mrs. K. C. Mills and three children.	Widow of the late Lieutenant G. L. Mills, of the 14th Regiment Native Infantry, killed in action at Agra on the 8th November 1857.	99	19	6
Children Mules (2)	Children of the late Lieutenant W. M. Mules, of the 1st Fusileers, killed in action at Moultan, 31st August 1858.	28	–	–
Mrs. McCallum and two children	In consideration of the circumstances of the death of the Rev. J. McCallum, of the Bengal Establishment, 6th April 1858.	103	4	–
Mrs. M. A. Money	Widow of Lieutenant A. Money, Bengal Native Infantry, killed in action at Chillianwallah.	60	–	–

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd.*

NAMES.	————	Annual Pension. £.	s.	d.
Mrs. R. S. Mackinnon and four children.	Widow of the late Captain D. W. Mackinnon, 2nd Madras Native Infantry, died of wounds received in action with the mutineers in Berar, 16th January 1859.	134	–	–
Misses McBarnett	Daughters of Captain McBarnett, Bengal Establishment, killed at Delhi.	50	–	–
Mrs. Sarah L. Mason and two children.	Widow of Captain G. H. M. Mason, 74th Regiment Native Infantry, killed by the mutineers at Arrah, 18th September 1857.	102	–	–
Miss Dorothea and Maria Newenham.	Sisters of Surgeon A. W. R. Newenham, who, with his wife and two children, were murdered at Cawnpore, 15th July 1857.	50	–	–
C. B. H. Nicolay	Son of Captain J. F. Nicolay, 1st Fusileers, killed in action at Pegu, 8th January 1853	16	–	–
Lady Neill and two children	Widow of Brigadier General Neill, of the Bengal Army (Madras Establishment).	160	–	–
Children Oakes (two)	Children of Brevet Major A. J. Oakes, of the Madras Artillery, who fell from a *coup de soleil* while in action with the enemy at Rangoon	32	–	–
Mrs. Isabella Prendergast and child.	Widow of Major G. M. Prendergast, 44th Regiment Native Infantry, who died at Agra from wounds received, 5th July 1857.	140	–	–
Mr. Thomas Phillips	Formerly a veterinary surgeon at Madras, and now the inmate of a lunatic asylum, who was supported by his brother veterinary surgeon, J. Phillips, who was killed in the Mutiny at Meerut on the 10th May 1857	50	–	–
Mrs. L. M. Penny and child	Widow of Major General Penny, C.B., killed by mutineers at Kuskanly, 30th April 1858.	340	–	–
Mrs. M. M. Proctor	Daughter of Lieutenant Proctor, killed by Mutineers at Gwalior.	14	–	–
Mrs. Frances Pope	Widow of Lieutenant Colonel Alexander Pope, Bengal Establishment, killed in action.	200	–	–
Mrs. Fanny Pearson and child	Widow of the late Major Pearson, 18th Bengal Regiment Native Infantry, died, 6th June 1857.	140	–	–
Mrs. Amelia Ripley	Widow of Lieutenant Colonel J. P. Ripley, 34th Regiment Native Infantry, killed by the mutineers at Cawnpore, 11th May 1857.	200	–	–
Mrs. Elizabeth Renaud	Widow of Brevet Major S. G. C. Renaud, of the Fusileers, who died, 21st July 1857, of wounds received at Pundoo Nuddee.	120	–	–
Mrs. Emily Radcliffe and three children.	Widow of Captain C. W. Radcliffe, 7th Light Cavalry, who died of wounds received at Lucknow on 1st October 1857.	118	–	–
Miss Mary Ritchie	Sister of Ensign Thomas James Ritchie, 22nd Regiment Bengal Native Infantry, killed by the mutineers at Mohadubba, 8th June 1857.	36	–	–
Mrs. Ellen Richardson and child	Widow of the late Captain T. C. Richardson, 18th Regiment Bengal Native Infantry, killed by the mutineers at Bareilly, 6th June 1857.	86	–	–
Mrs Anne Ruxton and three children.	Widow of Captain A. U. F. Ruxton, Bengal Native Infantry, killed near Kohat.	118	–	–
Children Rowley (two)	Widow of Mr. Rowley, murdered in the Mutiny.	38	8	–

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted to the Families of Officers who lost their lives in the Indian Mutiny, &c.—*contd.*

NAMES.	————	Annual Pension.		
		£.	s.	d.
Mrs. Ann Shirreff and three children.	Widow of the late Brevet Major Francis Shirreff, 65th Regiment Native Infantry, killed by the mutineers at Gwalior, 14th June 1857.	118	–	–
The family of the late Lieutenant Philip Salkeld, of the Engineers.	Who died of wounds received at the Storming of Delhi, 11th October 1857.	100	–	–
Mrs. Jane E. Stephenson and two children.	Widow of Major John J. Stephenson, 1st Fusileers, who died of wounds received at Lucknow, 21st November 1857.	160	–	–
Ernest A. Simons - - -	Son of the late Captain Alfred P. Simons, of the Artillery, who died, on the 7th September 1857, of wounds received in action at Lucknow.	16	–	–
Madame Savage - - -	Widow of Monsieur Jourdan, a native of France and Master of an Equestrian Troop in the North Western Provinces of India, who was killed on 5th July 1857, after greatly distinguishing himself in a charge upon a large body of the enemy's horse.	50	–	–
Miss Charlotte F. Stewart -	Orphan child of Lieutenant W. Stewart, of the Artillery, who, with his wife was murdered at Gwalior on 15th June 1857.	14	–	–
Mrs. M. A. S. Sibbald - -	Widow of Brigadier H. Sibbald, C.B., killed at Bareilly on 31st May 1857.	200	–	–
Mrs. S. H. M. Stewart - -	Widow of the late Lieutenant Stewart, 18th Bengal Native Infantry, killed by the mutineers at Bareilly, 7th June 1857.	60	–	–
Mrs. E. Sneyd - - -	Mother of Captain H. W. T. Sneyd, of the 28th Regiment Bengal Native Infantry, who died June 1857.	50	–	–
Mrs. H. Smith - - -	Widow of Mr. Rowley, who was murdered in the Mutiny.	19	4	–
Mr. John O'B. Tandy - -	Son of Mr. J. O'Brien Tandy, killed on the 24th August 1857, during the Mutiny.	120	–	–
Mrs. Albina G. Thomas and child.	Widow of Major G. P. Thomas, 3rd European Regiment, died of wounds received in action with the mutineers at Agra, 4th August 1857.	140	–	–
Mrs. Harriette E. Travers and son.	Widow of Lieutenant E. Travers, 32nd Regiment, Native Infantry, killed at Delhi on the 2nd August 1857.	74	–	–
Misses C. T. and M. A. E. Tucker	Sisters of Captain Nathaniel Tucker, 2nd Cavalry, killed in action at Neemuch on the 23rd October 1857.	50	–	–
James Turner - - - -	Son of Captain Athil Turner, 1st Regiment Native Infantry, killed by the mutineers at Cawnpore on 27th June 1857.	16	–	–
Mrs. Rosa Taynton, died 1871–72	Widow of Captain E. G. Taynton, Madras Establishment, killed in action.	70	–	–
Mrs. E. P. Thompson - -	Widow of Lieutenant Thompson, Bengal Establishment, killed in action.	60	–	–
Mrs. Esther Thompson - -	Formerly widow of Veterinary Surgeon J. Phillips, of the Bengal Army, killed at Meerut by the mutineers, 10th May 1857.	70	–	–
Mrs. Mary S. Utterson - -	Mother of Lieutenant M. C. Utterson, of the 20th Regiment Native Infantry, killed in action at Bushire on 9th December 1856.	40	–	–
Mrs. Venables (died 1870–71) -	Mother of Mr. E. F. Venables, who died from a gun-shot wound received in advancing upon Azimgurh, with the force under Brigadier General Sir E. Lugard, 15th April 1858, in consideration of the distinguished courage, public spirit, and ability manifested by him in upholding the authority of the Government.	250	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted to the Families of Officers who lost their Lives in the Indian Mutiny, &c.—*contd.*

NAMES.	————	Annual Pension. £. s. d.
Miss Wiggins - - -	Daughter of Brevet Colonel Edward Wiggins, 52nd Regiment Native Infantry, killed with his wife and two infant children at Cawnpore.	16 – –
Mrs. S. M. Winfield - -	Mother of Captain E. Burrowes, 54th Regiment Native Infantry, killed by the Mutineers at Delhi, 11th May 1857.	50 – –
Miss Fanny Wyatt - - -	Sister of Mr George Wyatt, late an Uncovenanted Deputy Collector at Bareilly, who lost his life in the discharge of his duties during the outbreak in India.	50 – –
Mrs. Jessie Woodburn - -	Mother of Captain Woodburn, killed in action.	50 – –
Mrs. C. H. Wallace - -	Widow of Lieutenant Colonel Wallace, Bengal Establishment, killed in action, 22nd December 1845.	200 – –
Miss A. F. Wallace - -	Daughter of Lieutenant Colonel Wallace, Bengal Establishment, killed in action, 22nd December 1845.	25 – –
Mrs. E. S. Warren - - -	Mother of the late Lieutenant W. B. Warren, Bombay Establishment, died of wounds, 10th December 1856, received during the attack on Rushire.	40 – –
Mrs. M. F. Willock and child -	Widow of the late Captain Willock, 6th Bengal Cavalry, died 22nd August 1857.	86 – –

PENSION granted to one Member of the Prince of Wales' Island Establishment (abolished).

NAME.	OFFICE.	Annual Pension. £. s. d.
Mr. A. C. T. Dickson - -	Late of the Civil Service - - - - -	250 – –

PENSIONS granted for Miscellaneous Services, or in consideration of Special Circumstances.

NAMES.	————	Annual Pension. £. s. d.
Mrs. Elizabeth Adkins - -	Widow of Captain Adkins, who came over from the Mahratta Service in 1803, under the proclamation issued by Marquis Wellesley.	60 – –
Lieutenant H. C. Albert - -	Late of the Madras Establishment (insane) -	100 – –
Misses Anderson - - -	Sisters of the late Alexander Anderson, of the Prince of Wales' Island Establishment.	100 – –
John Abbott - - - -	Hoyman, East India Company's Service -	15 12 –
Mrs. F. C. C. Adams and four children.	Widow of Major R. R. Adams, Deputy Commissioner of Peshawar, murdered by a Candahar fanatic in 1865.	200 – –
Miss E. S. Andrew - - -	Daughter of the late Mr. Andrew, St. Helena Establishment.	25 – –
Mr. G. Aers - - - -	Acting Master, Indian Navy - - -	150 – –

List of Pensions in course of Payment in the Year 1870–71—*continued*.

PENSIONS granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

NAMES.		Annual Pension.		
		£.	*s.*	*d.*
Mrs C. M. Brink - - -	Formerly widow of Mr. Joseph Luson, East India Company's Agent at the Cape.	80	–	–
Mrs. I. Baildon, died 1870–71 -	Widow of Dr. Baildon, Surgeon on the St. Helena Establishment.	68	8	8
Mr. R. F. Burt - - -	Late an extra clerk, East India House (insane).	50	–	–
Mr. A. H. Bosanquet - -	Late of the Bengal Civil Service - -	200	–	–
Mrs. M. C. Barton - - -	Daughter of Mr. John Addison, of the Bengal Civil Service.	100	–	–
Lieutenant J. C. Burney - -	Late of the Bengal Establishment (insane) -	100	–	–
Miss L. Beatson - - -	Daughter of the late Major General Beatson	25	–	–
Mrs. Ann Brown - - -	Widow of Lieutenant Colonel Staunton, C.B., of the Bombay Establishment, in recognition of his services.	200	–	–
Mrs. C. Beavan - - -	Widow of Mr. Robert Beavan, formerly Captain, 31st Regiment Bengal Native Infantry.	50	–	–
Mrs. H. Biden - - -	Widow of Captain C. Biden, for 19 years Master Attendant at Madras.	50	–	–
Mrs. E. Broadley - - -	Widow of a postmaster, Bellary - - -	7	–	–
Mr. W. Blowers - - -	Pension from Wardens' Official Fund - -	492	6	–
Mr. A. Boggs - - -	Late Assistant Surgeon on the Bombay Establishment.	36	10	–
Rev. G. P. Badger - -	Late Chaplain, Bombay Establishment, in recognition of the good services rendered by him to the Indian Government on many occasions.	100	–	–
Mr. Edward Blyth - - -	Late Curator of the Museum at Calcutta -	150	–	–
Lieutenant D. De la G. Birkett -	Late of the 3rd Bengal European Regiment; in consideration of his impaired state of health.	27	–	–
Mr. C. J. Bright - - -	Late Foreman Boiler Maker, Bombay Marine	96	–	–
Mrs A. K. Bedingfield - -	Widow of Lieutenant Bedingfield, late 108th Regiment.	35	–	–
Children Brooking (two) - -	Children of the late Lieutenant A. Y. Brooking, of the Madras Staff Corps.	28	–	–
Misses Baillie (three) - -	Daughters of the late Lieutenant Colonel Alexander Baillie	75	–	–
Mrs. E. Boughton, died 1870–71	Widow of a Firelighter at the East India House.	19	10	–
Mrs. H. Baker - - -	Widow of a Messenger at the East India House.	19	10	–
W. Burrows - - - -	Late Labourer, India Store Depôt - -	36	8	–
Mrs M. Bowen - - -	Late Housemaid at the India Office - - -	27	6	–
Children Brunette - - -	Children of Manager, Adjutant General's Department, Mádras.	22	16	5
Mrs. E. Carey and children -	Widow of Chaplain on the Prince of Wales' Island Establishment.	150	–	–
Miss S. Collingwood - -	Daughter of the late Mr. Carlton Collingwood, Clerk, Freight Office, East India House.	30	–	–
Mr. A. Corstorphine - -	Commander of the transport "Ernaud"; for services rendered during the Burmese War	50	–	–
Sir J. N. R. Campbell, died 1870–71.	Late Envoy in Persia, in consideration of his services, and his being deprived of political employment by the transfer of the Persian Mission to the British Imperial Service.	400	–	–
Miss H. A. Cunninghame -	Daughter of the late Major General Cunninghame, of the Bengal Army, *in recognition* of his services.	25	–	–
Mrs. A. Chadwick - - -	Widow of a Lieutenant on the St. Helena Establishment	52	16	3
Mrs. M. H. Campbell (died 1870–71).	Widow of Major General C. Campbell, in compensation for losses sustained.	150	–	–
Mrs. M. A. Critchly - -	Widow of Mate, Bengal Pilot Service -	36	1	–
Mr. Thomas Cooke - - -	Late Major on the Bengal Establishment -	250	–	–
Mr. James Cooper (died 1870–71)	Late Instructor of Gunnery in the Indian Navy.	50	10	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

NAMES.	———	Annual Pension.		
		£.	*s.*	*d.*
Mrs. E. A. Corps	Widow of a Fireman at the East India House	19	10	–
Mrs. S. Cargill	Widow of Mr. J. Cargill, late Principal of the Dacca College.	20	–	–
Mrs. E. Curnin	Widow of Mr. J. Curnin, Assay Master, Bengal Mint.	30	–	–
Mr. J. G. E. Cameron	Late Captain, Madras Staff Corps	120	–	–
Mr. J. W. Carnegie	Late Major, Bengal Army	292	–	–
Mr. E. Cologan	Late of the Bengal Uncovenanted Service	25	–	–
Mr. G. J. Cooper	Late of the Bengal Pilot Service	72	–	–
Miss E. V. G. Campbell	Daughter of the late Princess Victoria Gouramma of Coorg, and Lieutenant Colonel J. Campbell.	250	–	–
Mr. L. W. Courtenay	Late Traffic Manager at Constantinople of the Indo-European Telegraph.	150	–	–
Edward Cornell	Invalid Seaman, Indian Navy	14	8	–
W. Coney	Late Labourer, India Store Depôt	29	18	–
T. Chivers	- ditto - - ditto	20	16	–
Mr. H. T. Carmichael	Late Lieutenant in the 108th Regiment	30	–	–
Lady Darell	Widow of Sir H. V. Darell, Bart., Bengal Civil Service.	100	–	–
Mrs. M. Dalrymple	Widow of late Master Attendant at Madras	100	–	–
Surgeon James Dodd (died 1871–72).	Late Assay Master in the Calcutta Mint	190	–	–
Mrs. Amy Donovan	Widow of Lieutenant Donovan, in consideration of his services.	22	16	4
Assistant Surgeon A. G. Duff	Granted in lieu of half pay, he having resigned the Service.	70	–	–
Children Dutt	Children of an Uncovenanted Surgeon of the Bengal Establishment, in consideration of his unfortunate career.	15	–	–
Alfred Dobson	Marine Apprentice, Indian Navy, in consideration of his impaired health.	12	3	4
Mrs. S. Davies	Late Housemaid at the India Board	26	–	–
Mrs. M. A. Disney	Widow of a Messenger at the India Office	13	–	–
H. A. Dowell	Late Volunteer Pilot, Bengal Pilot Service	36	–	–
Mrs. J. Drurey	Formerly Widow of Mr. Ogilvie, Uncovenanted Servant, St. Helena Establishment.	51	15	–
Mrs. A. E. Egan	Pension from Wardens' Official Fund	152	1	–
William Ellis	Late Seaman, Bombay Marine	14	8	9
Ensign C. Fletcher (died 1871–72).	Late Madras Establishment (insane)	70	–	–
Mr. Gordon Forbes (died 1870–71).	Late Bengal Civil Service, on account of ill health.	200	–	–
Mrs. E. M. Field	Widow of Mr. George Field, one of the East India Company's Overlookers of long ells.	40	–	–
Mrs. F. C. Fraser	Widow of the late Colonel H. Fraser, C.B., Bengal Engineers, in consideration of the services of her husband in the North Western Provinces.	100	–	–
H. Furneaux	Son of a late Messenger at the India Office	20	16	–
Miss E. M. Fagan	Daughter of the late Captain Fagan, Bengal Artillery.	30	–	–
Mrs. D. S. Farmer	Widow of a Major on the Madras Establishment.	38	8	–
Mrs. Ann Forrest	Widow of Captain G. Forrest	60	–	–
Mrs. M. Gabb	Widow of Captain Gabb, Bengal Establishment.	100	–	–
Mrs. Ann Goodridge (died 1871–72).	Widow of First Assistant Master Attendant, Bombay.	60	–	–
Misses Gerard	Sisters of the late Captain Alexander Gerard, Bengal Army, in consideration of his services.	45	–	–
Mr. James Gordon	Late Captain 50th Regiment Bengal Native Infantry.	60	–	–
Mr. Thomas Gidley	Late Lieutenant Colonel, Bombay Establishment.	100	–	–

List of Pensions in course of Payment in the Year 1870-71—*continued.*

Appendix, No. 25.

Pensions granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

Names.	———	Annual Pension. £.	s.	d.
Mrs. S. K. Graves	Widow of Major General Graves, Bengal Establishment.	85	–	–
Children Gair (2)	Children of the late Lieutenant Gair, Bengal Veteran Establishment	30	–	–
Mrs. L. A. Garstin	Mother of Major W Garstin, 11th Bengal Native Infantry, who died from the effects of the Bhootan Campaign	60	–	–
Mr. G. D. Glasgow	Late Lieutenant, Bombay Establishment	50	–	–
William Glover.	Late Seaman, Indian Navy, on account of injuries received in the Service.	11	2	–
J. Goodiff	Late Labourer at the India Store Depôt	29	18	–
R Gibbs	- - ditto	39	17	4
Mr. John Guidon	Quartermaster, Indian Navy, invalided	14	8	–
Mr. Curtis Gawen	Late First Class Carpenter. Indian Navy	31	10	–
Captain M. J Hart	Late of the Madras Establishment	100	–	–
Mrs. E. Hovenden (died 1870-71).	Widow of Chaplain, Bengal Establishment, who was Secretary to the Bengal Military Orphan Asylum.	60	–	–
Mr. J. T. Hodgson	Late Veterinary Surgeon, Bengal	90	–	–
Mrs. E. Harton (died 1871-72)	Widow of Overseer Harton, of the Madras Establishment.	21	15	–
Miss L. L. Himing	Daughter of the late Major J. Himing, Madras Establishment.	20	–	–
Mrs. A. Holt	Widow of a Messenger at the East India House.	19	10	–
Mrs. Jane Hammond (died 1870-71).	- - ditto - - - ditto	19	10	–
Mr. A. Henderson	Late Foreman Founder of the Dockyard, Bombay, in consideration of his services and broken health	63	17	10
Mrs. J. Heffernan	Widow of Lieutenant Heffernan, Bombay Establishment	22	16	4
Mr. B. B. Heninngton	Formerly Bookbinder to the East India Company; granted under the peculiar circumstances of his case.	80	–	–
Mrs. G. M. Harris	Widow of the Rev. J. P. Harris, Assistant Chaplain, Bengal; in consideration of the important services rendered by her and her late husband during the Siege of Lucknow.	100	–	–
James Hart (died 1870-71)	Late Labourer at the India Store Depôt; incapacitated in consequence of an injury in discharge of his duty.	12	–	–
Captain H. L. Higginson	Late of Her Majesty's 105th Regiment	50	–	–
Mr G. Holland	Late Bengal Artillery	50	–	–
Mrs. E. Hough and child	Widow of Mr. G. Hough, Director of Public Instruction, British Burmah, in consideration of his eminent services.	98	8	–
Mr. R. O. Hordern	Late of the Indian Navy	36	10	–
Dr. FitzEdward Hall	Late Librarian, India Office, for special services rendered by him to literature and Sanskrit learning.	150	–	–
John Hessian	Late Marine Apprentice, Indian Navy	11	2	–
G. N. Haynes	Late a Coal Porter at the India Board	13	–	–
Mrs. M. Ibraheem	Widow of Mr. M. Ibraheem, formerly Persian Professor at the East India College.	100	–	–
Mr. Adam Jellicoe	Late Lieutenant, Bombay Establishment	30	–	–
Mrs. M. Jew	Widow of a Watchman at the East India House.	19	10	–
Mrs. A. G. Jenkinson	Widow of Dr. Ballantyne, Librarian at the India Office, in consideration of his valuable services.	100	–	–
Lieutenant H. J. Johnson	Late of the Bombay Establishment (insane)	100	–	–
Mrs. L. C. P. James	Widow of Major James, Commissioner of Peshawur.	100	–	–
Mr. A. D. Jennings	Late Captain, 2nd Bengal Light Cavalry	50	–	–
Miss M. E. Kerr (died 1871-72)	Daughter of the late Lieutenant General Kerr, of the Bombay Establishment, in consideration of his services.	30	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870–71—*continued.*

PENSIONS granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

NAMES.		Annual Pension.		
		£.	*s.*	*d.*
T. Kirby	Late Seaman, Indian Navy	6	–	–
Conductor E. W. Keilly	Late of the Bombay Establishment	23	–	–
Miss Ellen Lloyd	Daughter of Mr. J. D. Lloyd, East India Company's Service.	30	–	–
Miss Jessy Lloyd	ditto	30	–	–
Mr. G. B. Lloyd	Late Lieutenant, Madras Establishment	50	–	–
Miss Emily Lee (died 1870–71)	Daughter of Mr. J. Lee, Clerk, Freight Office, East India House.	50	–	–
Assistant Surgeon J. Law	Late of the Madras Establishment (insane)	100	–	–
Mrs. E. M. Lodwick	Widow of Lieutenant Colonel John Ford, East India Company's Service.	200	–	–
Mrs. Charlotte Lord	The Mother of Dr. Percival Lord, of the Bombay Establishment, Assistant Political Agent in Affghanistan, in consideration of his services.	120	–	–
Mr. W. Long (died 1870–71)	Late Lieutenant, Bombay Establishment	100	–	–
Mr. J. T. Lugard	Late Captain, Madras Establishment	100	–	–
Mr. H. J. Lay	Late an Acting Mate of the surveying vessel, "Spy," Marine Establishment, Bengal, in consideration of wounds received in the Burmese War.	36	10	–
Mr. E. A. Langley (died 1871–72).	Late Captain, Madras Establishment	146	2	–
Captain R. Locke	Late Embarkation Officer at the India Office, on abolition of his appointment.	250	–	–
Mrs. M. J. Laing	Widow of an Assistant Surgeon	40	–	–
Mr. R. D. Lowe	Late Lieutenant, Madras Native Infantry	50	–	–
Mr. H. Levick	Late Agent to the Government of India at Suez.	284	–	–
Mrs. Harriet Lines	Widow of W. Lines, late Lithograper, India Office.	15	12	–
Mrs. E. C. Leech	Pension from Wardens' Official Fund	39	3	–
Miss Amelia Mathison	Daughter of the late Mr. J. Mathison, Clerk, Secretary's Office, East India House.	50	–	–
Mrs. E. Morrison	Widow of Dr. Morrison, Translator and Interpreter to the East India Company's Factory at Canton.	100	–	–
Mr. Matthew Malcolm	Late of the Bengal Civil Service	100	–	–
Misses Mackenzie	Sisters of the late Captain Mackenzie, Bombay Establishment.	20	–	–
Mr. J. W. Macleod	Late Second Commissioner of the Court of Requests, Calcutta.	480	14	–
Mrs. H. Meik (died 1870–71)	Widow of Member of the Medical Board, Bengal.	46	–	–
Mr. John Mudge	Late of the Bengal Engineers (insane)	50	–	–
Mrs. Ellen C. McLeod	Pension from Wardens' Official Fund	91	4	6
Mr. G. P. Monckton	Late of the Madras Civil Service (insane)	100	–	–
Mr. John McNeill	Late Master Blacksmith, Bombay Dockyard.	45	12	6
Mrs. Mayne	Widow of Colonel Mayne, C.B., of the Bengal Establishment, in consideration of his services.	100	–	–
Mr. John Millward	Examiner of Gun Barrels, India Store Depôt.	73	6	8
Major R. G. Macgregor	In compensation for losses sustained by his father, the late Major General J. Macgregor, of the Bengal Establishment.	70	–	–
Mrs. E. Moyle and children	Widow of Mr. T. G. Moyle, formerly Captain in the Bombay Army.	45	–	–
Miss H. Manesty	Daughter of the late Mr. Samuel Manesty, formerly Resident at Bussorah.	40	–	–
Miss E. Manesty	ditto	40	–	–
Miss M. B. Mitchell	Daughter of the late Captain Bruce Mitchell, of the East India Company's Maritime Service.	20	–	–

List of Pensions in course of Payment in the Year 1870-71—*continued.*

Pensions granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

Names.		Annual Pension.		
		£.	s.	d.
Mrs. E. Marshall - - -	Widow of Henry Marshall, Commodore of Messengers at the East India House.	20	–	–
Mrs A. Mulholland - -	Widow of an Artificer, Bombay Mint - -	20	–	–
Miss P. M. Mitchell - -	Daughter of Mr J. Mitchell, Bengal Pilot Service.	24	–	–
Lieutenant W. H. Mackenzie -	Late of the 5th Bombay Native Infantry (insane).	54	7	6
Mrs. E. A. Mayne - - -	Widow of Major R. Mayne, of the Bengal Army, in consideration of the death of her husband, from illness contracted on field service in Bhotan.	120	–	–
Children Mayne (6) - -	Children of ditto - - - - -	108	–	–
Mrs E. F. Matthews and four children.	Widow of Rev. J. C Matthews, Chaplain on the Bengal Establishment.	98	–	–
Mrs. M. Mills - - -	Widow of Thomas Mills, Boatswain, Indian Navy.	20	–	–
John Mole - - - -	Late Seaman, Indian Navy - - -	14	8	–
Thomas May - - - -	Late Labourer at the India Store Depôt -	14	8	–
Maurice Malloney - - -	Late Seaman, Indian Navy - -	14	8	–
W. Mann - - - -	Late Labourer at the India Store Depôt -	36	8	–
Thomas Morris - - -	- - ditto - - ditto - - -	18	4	–
Commander P. W. Mitcheson	Late of the Indian Navy, in consideration of good services and loss of a leg in action.	100	–	–
Mrs. E. M. Mead - - -	Widow of a Lieutenant, St. Helena Establishment	52	16	6
Mr. John Norton - - -	Late a Machinist at the Bombay Mint -	60	–	–
Miss E Newcomen - -	Grand-daughter of the late Captain James Urmston, of the East India Company's Maritime Service, on whom she was dependent	20	–	–
Mr. Lawrence Nairne - -	Late a Writer, St. Helena Establishment -	160	–	–
Miss E. Neale (died 1870-71) -	Daughter of a Clerk, Secretary's Office, East India House.	20	–	–
Mrs. E. Norman - - -	Widow of the Rev. R. A.-H. Norman, Bengal Establishment, in consideration of his services.	50	–	–
Mrs. R. J Ormsby - - -	Grand-daughter of Commodore Nesbitt, Bombay Marine, and Daughter of Colonel Riddell, East India Company's Service.	50	–	–
Mrs. Frances Ouseley - -	Widow of Captain R. Ouseley, Bengal Retired List.	50	–	–
Mrs M. Phipps (died 1871-2)	Widow of Mr Lyon Phipps, of the Prince of Wales' Island Establishment	75	–	–
Mr. C. F. Pelly - - -	Late Lieutenant, Bombay Establishment -	60	–	–
Ensign H. Price - - -	Late Madras Establishment - - -	25	–	–
Mrs. E. Pottinger - - -	Stepmother of the late Major Eldred Pottinger, C.B., in consideration of his services.	100	–	–
Miss G. Pottinger - - -	Daughter of ditto - - - - -	50	–	–
Mrs. A Prince (died 1870-71).	Widow of Mr. John Prince, late of the Prince of Wales' Island Establishment	50	–	–
Surgeon J. D. V. Packman -	Late of the Madras Establishment, in lieu of Retired Pay.	120	–	–
Mr. Charles Price - - -	Late of the Bombay Civil Service - -	100	–	–
George Parish - - -	Late Clerk, East India Company's Tea Warehouse.	50	–	–
Mrs. E. A. Prosser - - -	Widow of W. Prosser, Firelighter at the East India House	15	12	–
E. G. Purchase - - -	Late Labourer at the India Store Depôt; incapacitated for further service by an accident whilst on duty.	31	4	–
Edward Powell, died 1870-71 -	Late Labourer at the India Store Depôt -	36	8	–
Mrs. Mary Rich - - -	Widow of Mr. Claudius James Rich, late Resident at Bagdad.	200	–	–

Appendix, No. 25.

LIST of Pensions in course of Payment in the Year 1870-71—*continued.*

PENSIONS granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

NAMES.	————	Annual Pension. £.	s.	d.
Mrs. C. Robertson	Widow of Captain W. Robertson, late Master Attendant at the Port of Tuticorin.	100	–	–
Mrs. C. Rouget	Pension from Wardens' Official Fund	84	10	–
Mrs. M. Ransom	Widow of Assistant Surgeon W. S. Ransom	40	–	–
Mr. F. T. Ross	Late Major, Bombay Staff Corps	180	–	–
Mr. C. Richardes	Late Captain, Bengal Staff Corps	120	–	–
George Richardson	Invalid Seaman, Indian Navy	14	8	–
Captain J. Rennie, C.B.	Special Pension, on abolition of appointment as Controller of Marine Affairs, and Secretary to the Government of India in the Marine Department.	110	–	–
Miss E. Smith	Daughter of a late Clerk, Shipping Office, East India House.	50	–	–
Mr. Thomas Say (died 1871-72)	Late Lieutenant, Bombay Establishment	50	–	–
Mrs. E. C. Sharp	Widow of an Extra Clerk, Cadet Office, East India House.	50	–	–
Mr. James Sandys	Late Captain, Madras Establishment	50	–	–
Mr. J. C. Street (died 1871-72)	- - ditto	191	12	6
The Hon. Mrs. C. M. Shore	Widow of the Hon. F. J. Shore, Bengal Civil Service.	200	–	–
Miss Eliza Stevenson	Daughter of Major General Sir Robert Stevenson, K.C.B.	60	–	–
Rev. Frederick Smith	Late Mathematical Professor, East India College.	200	–	–
Lieutenant H. F. Streatfield	Late of the Bengal Artillery (insane)	30	–	–
Mr. Charles Shakespear	Late Professor of Hindustani at the East India Company's Military College.	200	–	–
Mrs. M. A. Swindon (died 1870-71).	Widow of a Doorkeeper at the East India House.	19	10	–
Mrs. Mary Simmonds (died 1870-71).	Widow of a Commodore of Messengers, ditto	13	–	–
Mrs. S. Simons	Widow of a Waterman, East India Company's Service.	20	–	–
Miss M. Stewart (died 1871-72)	Sister of the late Captain D. Stewart, Madras Establishment.	20	–	–
Miss M. Skinner	In consideration of the services of her late brother, Captain James Skinner, Bengal Establishment.	50	–	–
Mrs. J. Stewart	Widow of Lieutenant Colonel P. Stewart, C.B., Royal Engineers, Bengal, in consideration of his highly meritorious services.	250	–	–
Mrs. A. Samwell	Widow of Lieutenant M. Samwell, late 48th Regiment Madras Native Infantry.	35	–	–
Mrs. M. A. Stoddard	Widow of Captain H Stoddard, Commandant of His Highness the Nizam's Army.	120	–	–
Mr. J. Stonhouse	Late of the Madras Army	50	–	–
Lieutenant Colonel H. Steinbach	In consideration of the position which he held in the Old Sikh Army previously to 1845.	75	–	–
Mrs. Lucy Shires	Widow of John Shires, a Messenger and Firelighter at the India Office.	13	–	–
Mr. J. L. Stevens	Late Lieutenant in the Indian Navy	50	–	–
Mr. J. B. Semler	Late Conductor, Indian Navy	48	–	–
Miss Ann H. Shortis	Daughter of the late Captain Shortis, of the St. Helena Artillery.	10	–	–
Lieutenant W. Y. Torckler	Late of the Bengal Establishment	70	–	–
Lieutenant P. Thorne (died 1871-72)	Late of the Madras Establishment (insane)	60	–	–
Mr. J. Till	Late Writer, St. Helena Establishment	150	–	–
Miss M. A. Thorn	Daughter of the late Captain Thomas Thorn, of the St. Helena Artillery.	10	–	–
Miss Caroline Thorn	- - ditto - - ditto	10	–	–
Mrs. S. Thompson	Widow of Lieutenant J. M. Thompson, Madras Establishment.	37	3	9
Mr. J. Taylor	Late 2nd Captain Madras Artillery	52	–	–

List of Pensions in course of Payment in the Year 1870–71—*continued.*

Pensions granted for Miscellaneous Services, or in consideration of Special Circumstances—*contd.*

Names.	————	Annual Pension. £.	s.	d.
Lieutenant G. G. Thain - -	Late of the Bengal Establishment, in consideration of his helpless condition.	100	–	–
Frederick Tonks - - -	Formerly Messenger in the India Office -	24	–	–
Mr. W. Urquhart - - -	Late an Extra Clerk, Military Secretary's Office, East India House.	50	–	–
General H. C. Van Cortland -	Late of the Bengal Uncovenanted Service -	600	–	–
Lieutenant E. A. Vine - -	- - ditto - - Establishment - -	35	–	–
Captain C. R. W. Watkins -	Late of the Bombay Establishment - -	100	–	–
Mrs. A. H. Wilson (died 1871–72).	Widow of a Clerk, Auditor General's Department, Bombay.	35	11	8
Mr. W. Weller - - -	Late Lieutenant Madras Establishment -	30	–	–
Miss L. Worsley - - -	Sister of the late Lieutenant Colonel T. Worsley, Bengal Army.	26	13	4
Mr. A. Whittingham - -	Late of the Madras Civil Service - -	100	–	–
Rev. R. W. Whitford - -	Formerly a Chaplain, Madras Establishment	50	–	–
Miss C. A. Watson - - -	Daughter of the late Lieutenant Colonel A. T. Watson.	20	–	–
Miss E. S. Waring - -	Daughter of the late Mr. E. W. H. Scott Waring, formerly of the Bengal Civil Service.	25	–	–
G. H. Willoughby - - -	Son of the late Captain E. Willoughby, of the Bengal Artillery, in consideration of the services of his father.	25	–	–
Mrs. J. Wilkinson - - -	Widow of a Mechanic, Bengal Mint - -	20	–	–
C. Wood - - - -	Daughter of a Messenger at the East India House.	20	–	–
Mrs. H. Welsh - - -	Widow of Lieutenant Richard Welsh, Bombay Establishment.	22	16	4
Mr. John Walker - - -	Geographer, India Office, on abolition of the appointment of Examiner of Charts.	60	–	–
Mr. W. Wynne - - -	Late Boiler Maker, Bombay, in consideration of his long and meritorious services, and his impaired state of health.	35	–	–
Mr. A. Whiting - - -	Late Lieutenant, 59th Bengal Native Infantry	73	–	–
Mrs. S. D. Weston and daughter	Pensions granted in India, transferred to this country for payment.	75	12	–
Lady Wymer - - - -	Widow of General Sir G. P. Wymer, in consideration of his services.	200	–	–
Mr. E. J. Webber - - -	Late Captain, Bengal Infantry - - -	127	15	–
Miss H. W. W. Willan - -	Daughter of the late Assistant Surgeon Willan, of the Bengal Army.	40	–	–
Mr. A. H. Wodehouse - -	Late Lieutenant, Bombay Army - - -	127	15	–
Alfred Watton - - -	Invalid Apprentice, Indian Navy - -	14	8	–
Henry Wilkinson - - -	- - ditto - - ditto - - -	14	8	9
Mrs. A. F. Winsor - - -	Widow of H. Winsor, Messenger, India Office.	15	12	–
Mr. James Wilbraham - -	Late Cloth Viewer at the India Store Depôt	81	18	–
Alfred Waller - - -	Late Coal Porter at the India Board - -	13	–	–
George Walsh - - -	Late Labourer, India Store Depôt - -	18	5	–
J. Whitfield - - - -	Late Journeyman Cloth Drawer, India Store Depôt.	18	4	–

T. W. Keith, Accountant.

LIST of OFFICERS and SERVANTS (Civil and Military) drawing from INDIAN REVENUES, PENSIONS, ANNUITIES, or COLONELS' ALLOWANCES, as well as SALARIES of APPOINTMENTS in this Country, in the Year 1870–71.

		£.	s.	d.	£.	s.	d.
Henry T. Prinsep, Esq.	Annuity from Bengal Civil Service Annuity Fund	1,000	–	–			
	Salary as Member of the Council of India	1,200	–	–			
					2,200	–	–
Sir Frederick Currie, Bart.	Annuity from Bengal Civil Service Annuity Fund	1,000	–	–			
	Salary as Member of the Council of India	1,200	–	–			
					2,200	–	–
General Sir R. J. H. Vivian, G.C.B.	Furlough pay as Colonel, Madras Establishment	456	5	–			
	Colonel's allowance	668	12	5			
	Salary as Member of the Council of India	1,200	–	–			
					2,324	17	5
Sir Henry C. Montgomery, Bart.	Annuity from Madras Civil Service Annuity Fund	1,000	–	–			
	Salary as Member of the Council of India	1,200	–	–			
					2,200	–	–
Lieutenant Henry Lamb	Retired pay as Lieutenant in the late Indian Navy	125	–	–			
	Salary as Superintendent of Stores, India Office	750	–	–			
					875	–	–
Sir J. Ranald Martin, Knight	Retired pay as Surgeon, after 17 years' service, Bengal Establishment	191	12	6			
	Annuity from Bengal Medical Fund	300	–	–			
	Salary as President of the Medical Board, India Office	500	–	–			
					991	12	6
Captain A. B. Hawes	Half pay on retirement as Captain, Bengal Establishment	127	15	–			
	Salary as Member of the Committee for the Valuation of Military Equipments, India Office	620	–	–			
					747	15	–
Sir T. Erskine Perry, Knight	Pension as retired Chief Justice, Bombay	1,600	–	–			
	Salary as Member of the Council of India	1,200	–	–			
					2,800	–	–
Major General Sir G. J. Jameson, K.C.S.I. (died in 1871–72).	Furlough pay as Colonel, Bombay Establishment	456	5	–			
	Colonel's allowance	668	12	5			
	Salary as Auditor of the Accounts of the Secretary of State for India in Council, under Act 21 & 22 Vict. c. 106, sect. 52	1,000	–	–			
					2,124	17	5
Major General Sir W. E. Baker, K.C.B.	Furlough pay as Colonel, Bengal Establishment	456	5	–			
	Colonel's allowance	668	12	5			
	Salary as Member of the Council of India	1,200	–	–			
					2,324	17	5
Major General Sir T. T. Pears, K.C.B.	Retired pay as Lieut. Colonel, Madras Establishment	365	–	–			
	Additional allowance	50	–	–			
	Good service pension	100	–	–			
	Salary as Military Secretary, India Office	1,200	–	–			
	Personal allowance	200	–	–			
					1,915	–	–
John Walker, Esq.	Salary as Geographer, India Office	200	–	–			
	Pension on abolition of his appointment as Examiner of Charts, India Office	60	–	–			
					260	–	–
Sir George R. Clerk, G.C.S.I., K.C.B.	Annuity from Bengal Civil Service Annuity Fund	1,000	–	–			
	Special pension in recognition of his eminent services as Governor of Bombay	1,000	–	–			
	Salary as Member of the Council of India	1,200	–	–			
					3,200	–	–

LIST of Officers and Servants (Civil and Military) drawing from Indian Revenues, Pensions, &c.—*continued.*

		£.	s.	d.	£.	s.	d.
Sir Henry L. Anderson, K.C.S.I.	Annuity from Bombay Civil Service Annuity Fund	1,000	-	-			
	Salary as Judicial Secretary, India Office	1,200	-	-			
					2,200	-	-
Colonel J. T. Smith	Retired pay as Lieut. Colonel, Madras Establishment	365	-	-			
	Salary as Member of the Consulting Committee, Military Funds Department, India Office	100	-	-			
					465	-	-
Lieut. Colonel William Freeth	Retired pay as Captain, Bengal Establishment	191	12	6			
	Salary as Member of the Consulting Committee, Military Funds Department, India Office	250	-	-			
					441	12	6
Rev. E. K. Maddock, M.A.	Retired pay as Chaplain, Bengal Establishment	292	-	-			
	Salary as Member of the Consulting Committee, Military Funds Department, India Office	250	-	-			
					542	-	-
Sir H. B. E. Frere, G.C.S.I., K.C.B.	Annuity from Bombay Civil Service Annuity Fund	1,000	-	-			
	Salary as Member of the Council of India	1,200	-	-			
					2,200	-	-
Lieut. Colonel A. Strange	Retired pay as Major, Madras Establishment	292	-	-			
	Special Annuity	160	-	-			
	Salary as Inspector of Scientific Instruments, India Office	350	-	-			
					802	-	-
Sir Robert Montgomery, G.C.S.I., K.C.B.	Annuity from Bengal Civil Service Annuity Fund	1,000	-	-			
	Salary as Member of the Council of India	1,200	-	-			
					2,200	-	-
Sir Frederick J. Halliday, K.C.B.	Annuity from Bengal Civil Service Annuity Fund	1,000	-	-			
	Salary as Member of the Council of India	1,200	-	-			
					2,200	-	-
Major General Sir H. C. Rawlinson, K.C.B., LL.D.	Retired pay as Lieut. Colonel, Bombay Establishment	365	-	-			
	Salary as Member of the Council of India	1,200	-	-			
					1,565	-	-
Surgeon R. Collum, M.D.	Retired pay as Surgeon after 17 years' service, Bombay Establishment	191	12	6			
	Annuity from Bombay Medical Fund	300	-	-			
	Salary as Member of the Consulting Committee, Military Funds Department, India Office	100	-	-			
					591	12	6
Lieutenant W. Collingwood	Retired pay as Lieutenant in the late Indian Navy	250	-	-			
	Salary as Junior Clerk in the Correspondence Department, India Office	250	-	-			
					500	-	-

India Office, 18 April 1872. *T. W. Keith*, Accountant.

LIST of PERSONS drawing in *England* more than One ANNUITY or PENSION from INDIAN REVENUES, in the Year 1870–71.

		£.	s.	d.	£.	s.	d.
The Right Hon. Lord Lawrence, G.C.B., G.C.S.I.	Annuity from Bengal Civil Service Annuity Fund	1,000	-	-			
	Special pension in consideration of his eminent services	2,000	-	-			
					3,000	-	-

LIST of Persons drawing in *England* more than one Annuity or Pension *from* Indian Revenues, &c.—*continued.*

		£.	s.	d.	£.	s.	d.
Lieut. Colonel George Thomson, C.B.	Retired pay as Captain, Bengal Establishment -	191	12	6			
	Pension on abolition of the East India Company's Recruiting Staff - - - - - - - -	200	–	–	891	12	6
Lieut. Colonel J. Roxburgh -	Retired pay as Major, Bengal Establishment - -	292	–	–			
	Pension on abolition of the East India Company's Recruiting Staff - - - - - - -	150	–	–	442	–	–
Captain H. V. Glegg - -	Half pay on retirement as Captain, Bengal Establishment - - - - - - - - - - -	127	15	–			
	Pension on abolition of the East India Company's Recruiting Staff - - - - - -	300	–	–	427	15	–
Captain D. Bayley - -	Half pay on retirement as Lieutenant, Bengal Establishment - - - - - - - -	73	–	–			
	Pension on abolition of the East India Company's Recruiting Staff - - - - - - -	150	–	–	223	–	–
Lieut. Colonel W. F. Hay (died in 1871-72.)	Half pay on retirement as Lieutenant, Bombay Establishment - - - - - - - - -	72	–	–			
	Pension on abolition of the East India Company's Depôt at Warley - - - - - - -	200	–	–	273	–	–
Captain F. Tower - - -	Half-pay on retirement as Lieutenant, Madras Establishment - - - - - - - - -	73	–	–			
	Pension on abolition of the East India Company's Depôt at Warley - - - - - - -	150	–	–	223	–	–
Surgeon D. Stewart, M.D. -	Retired pay as Surgeon after 24 years' service, Bengal Establishment - - - - - - - -	365	–	–			
	Pension on abolition of the East India Company's Depôt at Warley - - - - - - -	235	–	–	600	–	–
Lieut. Colonel M. J. Rowlandson.	Retired pay as Major, Madras Establishment - -	292	–	–			
	Pension on abolition of the East India Company's Military Seminary at Addiscombe - - -	400	–	–	692	–	–
Lieut. Colonel T. Donnelly -	Retired pay as Major, Bombay Establishment - -	292	–	–			
	Pension on abolition of the East India Company's Military Seminary at Addiscombe - - -	150	–	–	442	–	–
Colonel Sir F. Abbott, C.B. -	Retired pay as Lieut. Colonel, Bengal Establishment - - - - - - - - - - -	365	–	–			
	Pension on abolition of the East India Company's Military Seminary at Addiscombe - - -	150	–	–	515	–	–
J. A. F. Hawkins, Esq. - -	Annuity from Bengal Civil Service Annuity Fund -	1,000	–	–			
	Pension as Judicial Secretary at the India Office -	660	–	–	1,660	–	–
W. J. Eastwick, Esq. - -	Half pay on retirement as Lieutenant, Bombay Establishment - - - - - - - - -	73	–	–			
	Pension as Member of the Council of India - -	500	–	–	573	–	–
Colonel Sir Proby T. Cautley, K.C.B. (died in 1870-71).	Retired pay as Colonel, Bengal Establishment - -	456	5	–			
	Pension as Member of the Council of India - -	500	–	–	956	5	–

India Office, 18 April 1872.

T. W. Keith, Accountant.

LIST of PERSONS entitled to PENSIONS from the IMPERIAL GOVERNMENT and drawing SALARIES from INDIAN REVENUES, in the Year 1870-71.

		£. s. d.	£. s. d.
Hon. Gerald C. Talbot - -	Pension as a retired Member of the Ceylon Civil Service, 200 *l.* (in abeyance.)		
	Salary as Director General of Stores, India Office -	1,200 - -	
	Personal allowance - - - - - - -	200 - -	1,400 - -
Mr. Francis H. Pryce - -	Pension as a retired officer of customs, Barbadoes, 42 *l.* 7 *s.* 2 *d.* (in abeyance)		
	Salary as senior clerk, Correspondence Department, India Office - - - - - - -	- -	520 - -

India Office, 18 April 1872.

T. W. Keith, Accountant.

Appendix, No. 26.

PAPER supplied by Mr. *Davison*.

Appendix, No. 26.

TABULAR STATEMENT showing the Names of the MEMBERS of the SECRETARY of STATE'S COUNCIL who have recorded DISSENTS from ORDERS directing or sanctioning EXPENDITURE from the passing the Act of 1858 to the present Time; with the Dates and short Notes of the Subject in each Year.

1858:		
October	Mr. Prinsep	Guarantee of interest to the Madras Irrigation and Canal Company.
1860:		
March	Sir H. Montgomery Mr. Willoughby Colonel Durand	Additional grant to the Mysore Princes.
April	Sir H. Montgomery	*Ditto* - *ditto.*
1861:		
February	Sir H. Montgomery Mr. Willoughby Colonel Durand	Ditto - *ditto.*
February	Sir John Lawrence Sir E. Perry Mr. Ross D. Mangles Sir H. Montgomery Mr. Willoughby Colonel Durand Mr. Macnaghton	Establishments for India of British regiments of cavalry and infantry.
1862:		
January	Sir Erskine Perry	Salaries and pensions of civilian judges.
April	Sir Erskine Perry Mr. Macnaghton Sir John Lawrence Mr. Willoughby Mr. Arbuthnot	Expenses of "Queen's Cadets" while at Sandhurst.
1864:		
January	Sir F. Currie	Expenditure on account of the Moulavie Mosseh-ood-deen.
May	Mr. Eastwick Sir E. Perry Sir James Hogg	Special Allowance to Lieut. Colonel Barron.
June	Mr. Prinsep Sir G. Clerk Mr. Willoughby	Kurrachee Harbour Works.
November	Mr. Prinsep	Bombay Harbour Defences.
1866:		
February	Mr. Prinsep	Godavery Navigation Works.
1867:		
August	Mr. Prinsep	Godavery Navigation Works.
1869:		
June	Sir E. Perry	Payment of his Civil Service annuity to Sir B. Frere while holding the office of Governor of Bombay.
1870:		
December	Sir F. Currie	Pension of Mrs. Teesdale.
1871:		
June	Sir E. Perry	Appointment of an assistant to Dr. Forbes Watson.
August	Mr. Prinsep	Godavery Navigation Works.

India Office,
8 August 1872.

J. Davison.

Appendix, No. 27.

PAPERS handed in by Mr. *Seccombe.*

RETURN showing the Number of MEMBERS of the COUNCIL of INDIA present at each MEETING of the COUNCIL held since the 1st January 1872.

	NUMBER PRESENT.	ABSENT.
4 January - - - -	13	2
11 " - - - -	12	3
19 " - - - -	13	2
*25 " - - - -	12	2
1 February - - - -	12	2
8 " - - - -	13	1
15 " - - - -	13	1
22 " - - - -	14	—
29 " - - - -	14	—

* Sir James Hogg having resigned on the 25th January, and his successor, Sir Louis Mallet, not having yet taken his seat, the absence of one member subsequently to the 19th January is not recorded.

India Office,
6 March 1872.

(signed) *T. L. Seccombe.*

NOMINAL LIST, with RATES of PENSION, of PENSIONERS on the POPLAR FUND in the Year 1870–71.

NAME.		Amount of Annual Pension.			Compensation for House Rent on Abolition of Poplar Hospital in 1866.			TOTAL.		
					Per Annum.					
		£.	s.	d.	£.	s.	d.	£.	s.	d.
Wrigglesworth, Sarah - - - -	Widow of Commander -	100	–	–	-		-	100	–	–
Nash, H. C. - - - - - -	Ditto - Captain - -	81	–	–	-		-	*81	–	–
I'Anson, J. - - - - - -	Second Mate - - -	80	–	–	-		-	80	–	–
Smith, H. C. (died in 1870–71) - -	Chief Mate - - -	80	–	–	86	13	6	166	13	6
Meriton, Walter - - - - -	Second Mate - - -	80	–	–	-		-	80	–	–
Timbrell, Harriet - - - - -	Widow of Commander -	80	–	–	-		-	80	–	–
Waugh, George - - - - -	Second Mate - - -	80	–	–	-		-	80	–	–
Kemp, S. W. P. (died in 1870–71) - -	Widow of Second Mate -	60	–	–	-		-	60	–	–
West, H. - - - - - -	Ditto - ditto - -	60	–	–	-		-	60	–	–
Andrews, T. W. - - - - - -	Chief Mate - - -	60	–	–	50	–	–	110	–	–
Mackoy, Mary A. - - - - -	Widow of Second Mate -	60	–	–	50	–	–	110	–	–
Crozier, Sarah - - - - - -	Ditto - ditto - -	60	–	–	-		-	60	–	–
Leith, T. R. - - - - - -	Chief Mate - - -	60	–	–	-		-	60	–	–
Musson, Maria - - - - -	Widow of Chief Mate -	60	–	–	-		-	60	–	–
Benifold, Rebecca - - - - -	Ditto - Purser - -	30	–	–	-		-	30	–	–
Hutchins, Lavinia - - - - -	Ditto - Third Mate -	30	–	–	-		-	30	–	–
Lorrison, Edward - - - - -	Gunner - - - -	12	–	–	-		-	12	–	–
Bussey, Mary - - - - - -	Daughter of Chief Mate -	12	–	–	-		-	12	–	–
Foord, L. H. - - - - - -	Ditto - ditto - -	12	–	–	-		-	12	–	–
Ashbourn, Ann - - - - -	Widow of Boatswain -	10	–	–	32	12	–	42	12	–
Anderson, Hester - - - - -	Ditto - ditto - -	10	–	–	30	16	6	40	16	6
May, Sarah - - - - - -	Ditto - Carpenter -	10	–	–	30	16	6	40	16	6
Waters, H. (died in 1870–71) - - -	Ditto - Boatswain -	10	–	–	30	–	–	40	–	–
Temperton, M. - - - - - -	Ditto - Carpenter -	10	–	–	-		-	10	–	–

* £. 100 per annum, 19 *l.* deducted on account of private property, per Rules, *vide* next page.

NOMINAL LIST, with Rates of Pension, of Pensioners on the Poplar Fund, &c.—*continued.*

NAME.		Amount of Annual Pension. £. s. d.	Compensation for House Rent on Abolition of Poplar Hospital in 1866. *Per Annum.* £. s. d.	TOTAL. £. s. d.
Careless, Caroline	Widow of Boatswain	10 – –	30 – –	40 – –
Chapman, S. A.	Ditto - Carpenter	10 – –	30 – –	40 – –
Farrier, Mary	Ditto - Gunner's Mate	10 – –	30 – –	40 – –
Gladstone, Maria	Ditto - Carpenter	10 – –	30 – –	40 – –
Graves, Jane	Ditto - Gunner	10 – –	30 – –	40 – –
Paige, E. L.	Ditto - Carpenter	10 – –	30 – –	40 – –
Brogden, M. A.	Ditto - Boatswain	10 – –	-	10 – –
Careless, Elizabeth	Ditto - ditto	10 – –	-	10 – –
Pratt, Esther	Ditto - Carpenter	10 – –	-	10 – –
Swift, Mary Ann	Ditto - Gunner	10 – –	-	10 – –
Whaites, Elizabeth	Ditto - Carpenter	10 – –	-	10 – –
Clifton, H. (died in 1870–71)	Ditto - Boatswain	9 12 –	30 – –	39 12 –
Akers, A.	Ditto - Ship's Steward	8 – –	-	8 – –
Banks, John (died in 1870–71)	Ship's Steward	8 – –	-	8 – –
Roberts, Jane E.	Widow of Caulker	8 – –	-	8 – –
Benton, Mary	Ditto - Captain's Steward.	8 – –	-	8 – –
Bradfield, William	Captain's Steward	8 – –	-	8 – –
Butt, Ann	Widow of Ship's Cook	8 – –	-	8 – –
Moffatt, Mary	Ditto - - ditto	8 – –	-	8 – –
Munro, Sarah	Ditto - Master of Arms	8 – –	-	8 – –
Nelson, Elizabeth	Ditto - Ship's Steward	8 – –	-	8 – –
Raine, Sarah	Ditto - - ditto	8 – –	-	8 – –
Ross, Harriet	Ditto - Captain's Steward.	8 – –	-	8 – –
Stockhausen, S.	Ditto - Cooper	8 – –	-	8 – –
Hopkins, Ann	Ditto - Quartermaster	7 – –	-	7 – –
Lloyd, Elizabeth	Ditto - - ditto	7 – –	-	7 – –
Shiret, Ellen	Ditto - - ditto	7 – –	-	7 – –
Briggs, A. E.	Ditto - Seaman	6 – –	-	6 – –
Carter, Sarah	Ditto - - ditto	6 – –	-	6 – –
De Cruz, Ann	Ditto - - ditto	6 – –	-	6 – –
Fraser, Jane	Ditto - Butcher	6 – –	-	6 – –
Hill, Mary A.	Ditto - Seaman	6 – –	-	6 – –
Sinclair, Sarah	Ditto - - ditto	6 – –	-	6 – –
Smith, Thomas	Seaman	6 – –	-	6 – –
Thompson, Thomas	Ditto	6 – –	-	6 – –
Whapshott, James	Ditto	6 – –	-	6 – –
White, Ann	Widow of Seaman	6 – –	-	6 – –
McDermott, Michael	Son of Captain's Cook	3 – –	-	3 – –
Larkins, Sarah	Widow of Commander	Receiving maritime compensation (not Poplar Fund) pensions, but permitted to occupy houses at Poplar Hospital, for which no Poplar pensioners were applicants.	50 – –	50 – –
Casey, John	Carpenter		30 – –	30 – –
Seymour, Susannah	Widow of Boatswain		30 – –	30 – –

In addition to the above, there are 30 pensioners whose pensions have not been claimed for periods varying from one to 12 years and upwards, and who are believed to be dead, although no evidence to that effect has been furnished.

The following Rules apply to the case of H. C. Nash, on page 703:—

Rule 23. That the amount of any income or property which any commander, officer, midshipman, surgeon, surgeon's mate, purser, master of a pilot sloop, or mate, may possess, either in right of himself or of his wife, or that his wife may possess independent of him, shall be taken in abatement of, and be deducted from, the regulated amount of the annuity from the Fund. For example, if the captain of a regular ship has, either in right of himself or his wife, 100 *l.* per annum, or if his wife has an income of that amount independent of him, he shall only derive from the Fund the sum of 50 *l.* per annum to make his income equal to the pension of 150 *l.* per annum. That this rule shall apply to the widows and children of persons of the above description, and that it shall not be departed from in any case, or any pretence whatever.

Rule 27. That the class of persons described in the 23rd clause who shall be allowed a pension, do annually, in the month of June, transmit an affidavit to the Committee of Shipping of the amount of any income or value of property, for the year preceding, arising from sources other than this Fund.

India Office, 5 March 1872.

(signed) *T. W. Keith,* Accountant.

Appendix, No. 28.

PAPERS furnished by Mr. *T. L. Seccombe*, C.B.

1870-71.

STATEMENT showing the SALARIES of the Secretary of State for India, of the Under Secretaries of State, Assistant Under Secretary of State, Members of Council, and Officers and Clerks of the India Office, for the Year ending 31st March 1871.

Amount Paid in 1870-71.	Total Number	———	Salaries.	REMARKS.
£. s. d.			£	
29,450 - -	19	Secretary of State - - -	5,000.	
		Permanent Under Secretary of State	2,000.	
		Parliamentary ditto - ditto -	1,500	
		Assistant Under Secretary of State	1,500 - - -	Exclusive of 450*l.* per annum as compensation for loss of prospect. The appointment of Assistant Under Secretary of State was abolished in 1871-72
		Members of Council - - -	*15 at 1,200*	
		Correspondence Department.		
37,377 15 4	63	Secretaries - - - - -	6 at 1,200 - - -	The Revenue Secretary received *520l* per annum for personal allowance and loss of prospect, his appointment was abolished in 1871-72 The Financial and Military Secretaries also receive 200*l* per annum, and the Secretaries in the Public Works and Political Departments 100*l* per annum as personal allowances The Secretary in the Public Works Department also receives 100*l* per annum as Government Director of the Madras Irrigation and Canal Company
		Assistants - - - - -	12 at 700 to 900*l*, by 25 *l.* annually	*One of* the Assistantships was abolished in 1871-72. The three Senior Assistants receive an additional 100*l.* per annum, and one of the Assistants in the Public Works Department receives 100*l* per annum as Deputy Government Director of Indian Railway Companies
		Clerk of the Council - - -	1 at 800 - - -	Also 50*l* per annum as compensation *for loss of prospect.* His salary was increased to 1,000*l* per annum in 1871-72, including compensation allowance
		Chief Clerk - - - - -	1 at 800 - - -	This appointment was abolished in 1871-72, and the number of senior clerks increased by one.
		Senior Clerks - - - -	16 at 500 to 700*l.* by 20*l.* annually	In addition, two receive personal allowances, one of 50*l.*, the other of 100*l.* per annum, and one receives 300*l.* per annum as Private Secretary to the Secretary of State.
		Extra Senior Clerk - - -	1 at 500 - - -	In 1871-72 permitted to go to maximum of 700*l* by 20*l.* annually
		Assistant to ditto - - - -	1 at 250	
		Junior Clerks - - - -	22 at 100 to 450*l* by 16*l* annually 3 at 100 to 400*l.* by 15 *l.* annually.	Two receive 150*l.* per annum each as Private Secretaries to the Under Secretaries of State, one 100*l.* per annum as Assistant Private Secretary and Précis Writer to the Secretary of State, one *50l.* per annum as *Assistant* Précis Writer.
		Record and Statistical Department.		
2,100 - -	2	Statistical Reporter - - -	1,200 - - -	Also 100*l* per annum personal allowance To future incumbent 800 *l* to 1,000 *l* per annum by 25 *l* annually
		Assistant - - - - -	800 - - -	To future incumbent 500 *l.* to 700 *l.* by 20 *l.* annually.
		Military Funds Department.		
		Director - - - - - -	- - - - -	Appointment held by the Financial Secretary *without salary.*
2,390 - -	10	Deputy Director - - - -	800.	
		Consulting Committee - - -	2 at 250 2 at 100 - - -	One of these appointments was reduced from 200 *l.* to 100 *l.* per annum in August 1871.
		Senior Bookkeepers - - -	2 at 150 to 350 *l.* -	By 15 *l* annually.
		Junior ditto - - - -	3 at 100 to 250 *l.* -	By 10 *l* annually.
70,317 15 4	94			

STATEMENT showing the Salaries of the Secretary of State for India, &c.—*continued.*

Amount Paid in 1870–71.	Total Number.	———	Salaries.	REMARKS.
£. s. d			£.	
70,317 15 4	94	***Registry and Despatch Department.***		
6,204 10 5	17	Registrar - - - - -	700 to 900 *l.* by 25 *l* annually.	Present Incumbent also receives 200 *l.* per annum personal allowance.
		Despatch Clerk - - - -	350 to 650 *l.* by 15 *l.* annually.	Present Incumbent also receives 100 *l.* per annum personal allowance.
		Assistant to Registrar - - -	3 at 350 to 650 *l.* -	By 15 *l.* annually
		Extra - ditto - - -	1 at 450 to 650 *l.* -	By 15 *l.* annually. Appointment not to be filled up on retirement of present holder.
		Clerks - - - - - -	11 at 100 to 350 *l.* -	By 15 *l.* annually.
		Accountant General's Department.		
12,302 8 4	25	Accountant General - - -	1,200 - - -	The separate appointment of Accountant General was abolished in 1871–72, and the department united to the Financial Department. The officers are now, an Accountant, at 1,000 *l.* per annum, and two assistants, at 700 *l.* to 900 *l.* by 25 *l.* annually.
		Assistants - - - - -	1 at 800 to 1,000 *l* by 25 *l.* annually 2 at 700 to 900 *l* by 25 *l.* annually.	
		Senior Clerks - - - -	9 at 500 to 700 *l.* by 20 *l* annually.	The First Senior Clerk also receives 50 *l.* per annum personal allowance, and 100 *l.* per annum as clerk to widows' funds.
		Junior Clerks - - - -	10 at 100 to 450 *l.* by 16 *l* annually. 2 at 100 to 350 *l.* by 16 *l.* annually.	In 1871–72 two junior clerkships were abolished and a class of bookkeepers created : Salaries: £. First year, 80. Second „ 90. Third „ 100, with a triennial increment of 25 *l.*, to 250 *l.*
		Store Department.		
		Director General - - - -	1,200 - - -	Also 200 *l.* per annum personal allowance.
16,810 – 9	61	Chief Clerk - - - - -	700 to 900 *l.* by 25 *l.* annually.	„ 100 *l* „ „
		Senior Clerks - - - -	6 at 500 to 700 *l.* -	By 20 *l* annually. The First Senior Clerk also receives 50 *l.* per annum personal allowance
		Junior Clerks - - - -	3 at 320 to 480 *l* - 10 at 100 to 400 *l.* -	By 15 *l.* annually By 15 *l.* annually To future incumbents 100 *l.* to 400 *l.*, by 15 *l.* annually.
		Member of Committee for Valuation of Military Equipments.	500 to 700 *l.* -	By 20 *l.* annually.
		Supervisor of Stamps - - -	250 to 300 *l.* -	By 10 *l.* annually.
		Assistant to ditto - - - -	150 - - -	To future incumbent 100 *l.* to 150 *l.*, by 10 *l.* annually.
		Branch Office* and Depôt, Belvedere-road, Lambeth.		
		Inspector - - - - - -	800 - - -	Also 200 *l* personal allowance. The appointments of inspector and assistant were amalgamated under the assistant in December 1870, with the title of "Superintendent of Stores," with an addition to his income of 100 *l.* per annum as a personal allowance.
		Assistant - - - - -	650.	
		Sub-inspectors - - - -	2 at 350. 1 at 300 to 350 *l.* -	By 15 *l.* annually
		Examiners of Cloth - - -	2 at 250 to 300 *l.* -	Rising on report of Director General of Stores.
		Ditto - Stores - - -	10 at 150 to 300 *l.* -	- - Ditto - - - - ditto.
		Ditto - Water-marked Paper	1 at 100 to 150 *l* -	By 5 *l.* annually.
		Assistants - - - - - -	9 at 130 to 150 *l.* -	Rising on report of Director General of Stores.
		Shipping Foreman and Custom House Agent.	130 to 150 *l.* -	By 5 *l.* annually.
		Inspector of Scientific Instruments	350.	
		Clerk to ditto - - - -	120 to 300 *l.* -	By 10 *l.* annually.
		Examiner of Surgical Instruments -	50.	
		Ditto - Veterinary ditto.	100.	
		Medical Attendant - - -	45.	
		Chemist for the Analysation of Beer for India.	1 at 50. 1 at 315 - - -	Also annual gratuity for examining malt liquor for the Imperial troops for Hong Kong, &c., varying from 5 *l* 5 *s.* to 20 *l.*, according to quantity examined.
		Examiner of Malt Liquor - -	500 - - -	- - Ditto - - - - ditto.
		Assistant ditto - - - -	220.	
107,634 14 10	197			

STATEMENT showing the Salaries of the Secretary of State for India, &c.—*continued.*

Amount Paid in 1870–71.	Total Number.	———	Salaries.		REMARKS.
£ s. d					
107,634 14 10	197				
1,000 2 –	16	*Store Department. Inspector of Telegraph Stores, Assistants, &c.*		- - -	Employed temporarily; inspector at 6 *l*, assistants at 3 *l*. 3 *s*. per week.
		Miscellaneous Departments.		£.	
12,303 3 –	25	Government Director of Indian Railway Companies		1,200 - - -	Also a personal allowance of 300 *l*. per annum and a compensation allowance of 180 *l*. per annum
		Deputy ditto Government Director of Madras Irrigation and Canal Company		- - -	The salaries of these appointments, viz, 100 *l*. per annum each, are included in official salaries under the head "Correspondence Department"
		Librarian - - - - -		500.	
		Assistant ditto - - - -		320 to 450 *l*. -	By 10 *l* annually.
		Reporter on the Products of India, and Keeper of Museum.		600.	
		Assistants to ditto - - -	1 at 1 at	300. 250	
		Sub-Assistants to ditto - -	2 at	150 to 200 *l*. -	By 10 *l*. annually.
		President of the Medical Board -		500.	
		Member of ditto - - - -		300.	
		Solicitor - - - - -		2,000 - - -	Also 2,000 *l* annually for establishment.
		Standing Counsel - - -		500 - - -	Appointment abolished in 1871–72.
		Geographer - - - - -		200.	
		Assistant ditto - - -	1 at 1 at	400. 91.	
		Clerk of the Works - - -		400 - - -	Exclusive of commission on large contracts.
		Draughtsman and Clerk to ditto -		180 to 350 *l*. -	By 15 *l*. annually.
		Keeper of Records in Military Department.		150.	
		Translator - - - - -		500 - - -	Employed to 25th March 1875
		Lithographic Printer - - -		150	
		Assistant to Director of Transports at the Admiralty.		1,000.	
		Assistant Military Secretary to His Royal Highness the Commander-in-Chief.		1,000.	
		Clerk to ditto - - - -		120 to 300 *l*. -	By 10 *l* annually.
		Registrar of the Order of the Star of India.		200.	
		Draughtsman - - - -		88 *l*. 8 *s*.	
		Office Keepers and Messengers.			
6,878 7 2	65	Head Office Keeper - - -		270 - - -	With apartments; also personal allowance of 20 *l* per annum, and a compensation allowance of 30 *l* per annum for loss of prospect. Salary of office in future to be 200 *l*. per annum, with apartments.
		2 Office Keepers - - -	1 at	170 - -	And allowance of 36 *l* per annum in lieu of apartments; also personal allowance of 15 *l*. per annum Salary of office in future to be 140 *l* per annum, with apartments
			1 at	150 - - -	With apartments, also personal allowance of 15 *l* per annum. Salary of office in future to be 140 *l* per annum, with apartments
		62 Messengers: 1st class -	10 at	106 to 120 *l*. -	By 2 *l* annually The 2nd and 3rd class messengers are provided with clothes, with distinctive badge. Several of the messengers receive in addition allowances for extra duties, personal allowances, or compensation for loss of prospect, varying from 2 *l* to 10 *l*. per annum. One messenger for the auditor and two for the Stores Depôt, Belvedere-road, are included in the 62 messengers.
		2nd class -	22 at	90 to 100 *l*. -	„ 2 *l*. „
		3rd class -	30 at	80 to 90 *l* -	„ 2 *l*. „
		Housekeeper, Assistant Housekeeper, Housemaids, and Charwomen			
1,346 – 9	32	Housekeeper - - - -		100 - - -	With apartments. In future to be 80 *l* per annum.
		Assistant ditto - - - -		60 - - -	- - Ditto - - In future to be 60 *l*. per annum.
		Housemaids - - - - -	24 at	40 - - -	One has an additional allowance of 8 *l* 12 *s* per annum for abolition of another appointment which she held.
		Charwomen - - - -	6 at	14 *s*. per week.	
129,162 7 9	335				

STATEMENT showing the Salaries of the Secretary of State for India, &c.—*continued.*

Amount Paid in 1870–71.	Total Number	—	Salaries.	REMARKS.
£. s. d.			£. s. d.	
129,162 7 9	335			
		Artizans and Labourers employed at the India House.		
1,028 19 4	14	Foreman of Carpenters - - -	2 5 – per week.	
		Engineer Foreman - - -	1 16 – "	
		Gasfitter - - - - -	2 – – "	
		Locksmith - - - - -	1 7 – "	
		Plumber - - - - -	2 – – "	
		Labourers - - - - -	1 at 1 7 – " 1 at 1 5 – " 4 at 1 5 – "	
		Carpenter at Museum - - -	1 18 4 "	
		Coal Carriers - - - -	2 at – 10 – each per week.	Employed only during winter months.
3,821 18 –	40	*Temporary Clerks and Hired Writers.*	40 at 2 2 – per week.	
134,013 5 1	389			

India Office, 27 March 1872.

T. W. Keith,
Accountant.

1870–71.

SALARIES of the Auditor of the Accounts of the Secretary of State for India in Council, appointed under the Act 21 & 22 Vict. c. 106, s. 52, and of his Assistants, for the Year ending 31st March 1871.

Amount Paid in 1870–71.	Total Number.	—	SALARIES.
£. s. d.			
3,053 8 –	11	Auditor - - - -	1,000 *l.*
		Senior Inspector - -	520 *l.* to 700 *l.* by 20 *l.* annually.
		Junior - ditto - -	315 *l.* to 500 *l.* by 20 *l.* annually.
		Examiners - - -	2 at 200 *l.* to 400 *l.* by 16 *l.* annually.
		Junior Examiners - -	4 at 100 *l.* to 350 *l.* by 10 *l.* annually, and after 5 years by 15 *l.* annually.
		Temporary Clerks - -	2 at 2 *l.* 2 *s.* per week.

The charge for a messenger is included in the Statement of the Salaries, &c., of the India Office.

India Office, 27 March 1872.

T. W. Keith,
Accountant.

Appendix, No. 28.

STATEMENT showing the INCREASE of the HOME INDIAN DEBT.

YEAR.	Debt at Commencement of Year.	Net Amount of Debt Incurred during the Year.	Net Amount of Debt Discharged during the Year.	Rate of Interest on Debt Incurred during the Year.	TOTAL Debt at end of the Year.
	£.	£.	£.	£.	£.
1856-57 - -	3,915,317	- -	- -	4	3,915,317
1857-58 - -	3,915,317	4,878,022	- -	4 & 6	8,793,339
1858-59 - -	8,793,339	6,316,855	- -	4	15,110,194
1859-60 - -	15,110,194	11,048,723	- -	4 & 5	26,158,917
1860-61 - -	26,158,917	3,838,000	- -	4 & 5	29,996,917
1861-62 - -	29,996,917	3,619,300	- -	5	33,616,217
1862-63 - -	33,616,217	- -	1,756,200	- -	31,860,017
1863-64 - -	31,860,017	- -	5,527,500	- -	26,332,517
1864-65 - -	26,332,517	- -	186,500	- -	26,146,017
1865-66 - -	26,146,017	821,300	- -	5	26,967,317
1866-67 - -	26,967,317	2,592,600	- -	5	29,559,917
1867-68 - -	29,559,917	1,158,500	- -	4	30,718,417
1868-69 - -	30,718,417	1,000,500	- -	4 & 5	31,718,917
1869-70 - -	31,718,917	3,498,700	- -	4	35,217,617
1870-71 - -	35,217,617	2,410,000	- -	4	37,627,617
	£.	41,182,500	7,470,200		
Debt Discharged - - -		7,470,200			
Net Amount of Debt Incurred	£.	33,712,300			

India Office, 27 March 1872.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 29.

PAPERS handed in by Mr. *Seccombe.*

Appendix, No. 29.

MEMORANDUM as to the Grant of ANNUITIES from the INDIAN CIVIL SERVICE ANNUITY FUNDS.

PREVIOUSLY to the year 1825, funds existed in the Madras and Bombay Presidencies for the grant of annuities to covenanted civil servants of the East India Company on their retirement from the service. They were of the nature of private funds to which the Company contributed. At Madras, annuities of 400 *l.* were granted under fund deeds of 1800 and 1814, and annuities of 600 *l.* under a fund deed of 1818. At Bombay, annuities of 400 *l.* were granted under the regulations of a fund which was established in 1806. Nineteen recipients of annuities from those funds now remain. There was not any civil annuity fund in the Bengal Presidency before the year 1825.

In a Public Despatch to the Governor General in Council, dated the 8th December 1824, the Court of Directors communicated to that Government their views on a proposal made by the Bengal civil servants to establish a fund for the grant of annuities, and the Court laid down certain regulations under which they would be prepared to give their sanction and assistance to such an institution.

On the 31st December 1824, the Court forwarded to the Governments of Madras and Bombay copies of their Despatch to the Governor General, and expressed their desire that the regulations of the annuity funds at Madras and Bombay should be altered, to correspond in principle with those of the proposed Bengal fund.

The members of the Civil Service agreed to the Court's proposals, and annuity funds were accordingly established under similar regulations at the three Presidencies from the 1st May 1825.

The object of these funds was to facilitate the retirement of civil servants after such a period of residence in India as would secure to the Company the services of Europeans in the most active period of their lives, and make way for the advancement of younger servants.

The annuity was fixed at 1,000 *l.* on retirement after 25 years' service and 22 years' actual residence in India. One-half of the value of each annuity was to be paid by the annuitant, and the other half was to be granted by the Company, the value of each annuity when granted being set aside as part of an appropriated fund.

To enable subscribers to pay the half value of their annuities, a deduction of 4 per cent. was made from the salary of each civil servant during the whole period of his service, and interest at 6 per cent. was allowed thereon by the Court. It was calculated that at the end of the prescribed period of service, the deduction so made would amount, with interest, to four-fifths of one-half value of the annuity, and a subscriber was required, on retirement, to pay a sum sufficient to make up the half value. If a subscriber died, or left the service before he obtained an annuity, his subscriptions lapsed.

The number of annuities to be annually available for acceptance was limited to,—

Nine for the Bengal Presidency,
Four „ Madras „
Three „ Bombay „

In the year 1835, it appeared that in Bengal and Bombay about one-half only of the sanctioned number of annuities had been taken during the preceding 10 years, and the Court of Directors thereupon authorised the funds to grant, in the event of a sufficient number of annuities remaining unappropriated, invalid pensions at half value to civil servants compelled to quit India and leave the service on account of ill health. The invalid pensions were to be of the following amounts, viz.:—

500 *l.* per annum, after a residence of 15 years, and upwards.

250 *l.* „ „ 10 „ and less than 15 years, and a donation of 500 *l.* was to be granted to civil servants compelled to quit the service on account of ill-health before completing 10 years' residence.

In

In the year 1852, statements were received from the Government of India showing the working of the Bengal fund, and as it then appeared that the number of civil servants in the Bengal Presidency had increased, the Court of Directors raised the number of annuities annually available in Bengal to 10, on certain conditions.

The Court also acceded to a proposition that every civil servant, qualified by service and residence for an annuity on retirement, should, irrespectively of his own contributions, be entitled to the unconditional grant of 500 *l.* per annum, and to such addition to that sum, not exceeding 500 *l.* per annum, as the amount of his aggregate contributions, and of any fine that he might pay at the period of retirement, would purchase, thus relieving him of the necessity of paying the half value of the full annuity

In the year 1862, the civil servants of the three Presidencies memorialised the Secretary of State for India, and applied for the grant of annuities exceeding 1,000 *l.* for extended periods of service. They represented that, although the scheme of 1825 contemplated the direct provision by the East India Company of one-half of the annuity, it appeared that when the contingency under which all subscriptions lapsed, in the event of a subscriber dying or leaving the service before he obtained an annuity, was taken into account, the actual portion of the annuity granted by the Government was considerably below one-half; and that as the funds were established with reference to a scale of salaries which no longer existed, the subscriptions of a civil servant, instead of yielding four-fifths of the half value of an annuity of 1,000 *l*, amounted on an average only to between only two and three-fifths.

After considering these memorials the Secretary of State in Council decided—

1st. That every civil servant, qualified by service and residence for an annuity on retirement, should be granted an annuity of 600 *l.* by Government, with such addition, not exceeding 400 *l.*, as the amount of his aggregate subscriptions with interest, and of any fine which he might pay on retirement, would purchase.

2nd. That annuities, without limitation as to number, might be granted on application at any time to civil servants duly qualified.

3rd. That invalid annuities should be granted, according to the following scale, in lieu of that which had previously existed, viz. :—

				Annuity.
After 5	years' service,	and under	10	£150
„ 10	„	„	15	250
„ 15	„	„	20	350
„ 20	„	„	25	450

and, if under five years' service, a donation of 500 *l.*

In the year 1870 further memorials were received from the civil servants of the several Presidencies. They represented that, if the average of the three Presidencies was taken, the provision by Government towards each full annuity was only 437 *l.*, which was less than was contemplated by the Court of Directors when the funds were established, and they prayed for an increase to their retiring allowances.

The Secretary of State in Council did not comply with the application for an increase to the amount of the full annuity, but determined that every civil servant who should complete 25 years' service and 21 years' residence in India should, in future, be granted 1,000 *l.* per annum on retirement, without reference to the amount of his contributions to the fund, the deduction of four per cent. from salaries being continued; and that in lieu of the quinquennial increase of 100 *l.* to the invalid annuity of 150 *l.* for every additional five years' service, an annual increase of 20 *l.* should be made for each additional year's service; the maximum invalid annuity remaining at 450 *l.* after 20 years' service.

That decision was communicated by the Secretary of State to the Government of India in a Financial Despatch, dated the 10th February 1871, and as these and the previous changes which had been sanctioned in the mode of granting annuities, rendered the continuance of the machinery of the funds unnecessary, he requested the Government to take measures for the abolition of the funds.

Propositions to make over the accumulated capital to the Secretary of State in Council were accordingly submitted for the votes of the subscribers to the several Civil Service Annuity Funds, and the propositions were carried at each Presidency by a large majority of votes.

T. L. Seccombe,
Financial Secretary.

India Office, 23 April 1872.

Appendix, No. 29.

EXTRACTS from ACTS of PARLIAMENT under which PENSIONS are granted by the Secretary of State for *India* in Council out of the Revenues of *India*.

EXTRACT from ACT 53 Geo. 3, c. 155.

LIV. And be it further enacted, that it shall and may be lawful for his Majesty, by Warrant under his Royal Sign Manual, countersigned by the Chancellor of the Exchequer for the time being, to grant to any such bishop and archdeacons respectively who shall have exercised in the East Indies, or parts aforesaid for 15 years, the office or offices of bishop or archdeacon, or either of them, the following pensions; that is to say, to any such bishop a pension not exceeding 1,500 *l.* per annum, and to any such archdeacon a pension not exceeding 800 *l.* per annum; which said pension shall be paid and defrayed quarterly by the said Company, and shall be deemed and taken as part of the political charges of the said Company.

* * * *

XCIII. And whereas it is reasonable that the said Court of Directors should have power to grant allowances, in the nature of superannuations, to such of their officers and servants in England as from age or infirmity may no longer be qualified for the execution of their several offices or employments; be it therefore enacted, that it shall and may be lawful to and for the said Court of Directors to make allowances, compensations, remunerations, or superannuations, to the officers and servants of the said Company in England, subject to the restrictions and according to the conditions and proportions following; that is to say, where it shall be proved, to the satisfaction of the said Court of Directors, that any such officer or servant, being under 60 years of age, shall be incapable, from infirmity of mind or body, to discharge the duties of his office, in such case, if he shall have served with diligence and fidelity in the service of the said Company for 10 years, it shall and may be lawful to grant him, by way of superannuation, any annual sum not exceeding one-third of the salary and allowed emoluments of his office; if above 10 years and less than 20, any such sum not exceeding one half of such salary and allowed emoluments; if above 20 years, any such sum not exceeding two-thirds of such salary and allowed emoluments; if such officer or servant shall be above 60 years of age, and he shall have served 15 years or upwards, it shall and may be lawful, without proof of infirmity of mind or body, to grant him, by way of superannuation, any annual sum not exceeding two-thirds of the salary and allowed emoluments of his office; if 65 years of age, or upwards, and he shall have served 40 years or upwards, any such sum not exceeding three-fourths of such salary and allowed emoluments; if 65 years of age, or upwards, and he shall have served 50 years or upwards, any such sum not exceeding the whole of such salary and allowed emoluments. All which allowances so to be made shall be charged in the books of account of the said Company to the debit of that branch of the Company's affairs to which the said officers or servants may respectively belong; anything in the said Act of the 33rd year of his Majesty's reign to the contrary notwithstanding.

EXTRACT from ACT 4 Geo. 4, c. 71.

III. And be it further enacted, that it shall and may be lawful for his Majesty, his heirs and successors, in manner in the said Act mentioned, to grant to any such bishop who shall have exercised in the East Indies, or parts aforesaid, for 10 years, the office of bishop or archdeacon, and to any such archdeacon who shall have exercised in the East Indies or parts aforesaid, for 10 years, the office of archdeacon, pensions not exceeding such sums respectively as his Majesty by the said Act of the 53rd year of the reign of his late Majesty is empowered to grant to any such bishop or archdeacon.

EXTRACT from ACT 6 Geo. 4, c. 85.

VII. And be it further enacted, that if any of the chief justices or puisne judges of the said Supreme Courts of Judicature at Fort William, Madras, or Bombay respectively, or the Recorder of the Court of Judicature of Prince of Wales Island, shall resign his office in consequence of age, infirmity, or other cause, to be approved by his Majesty, his heirs or successors, it shall and may be lawful for his Majesty, his heirs or sucessors, by warrants under the Sign Manual, to direct and authorise an allowance to be made out of the revenues of the British Territories in India, to such chief justice, puisne judges, or recorder so resigning, subject to the limitations and restrictions hereinafter provided; that is to say, provided always that it shall not be lawful for his Majesty to direct any such allowance to be made to any person who shall not have resided in India for five years, either as chief justice, or as a puisne judge (or partly as one and partly as the other) of some or one of the said Supreme Courts.

VIII. Provided also, and be it enacted, that it shall not be lawful to direct any larger allowance to be made to any chief justice of the said Supreme Court of Judicature at Fort William, than the sum of 1,000 *l.* sterling per annum, unless he shall have resided in India as such chief justice or puisne judge, or partly as one and partly as the other, for seven years; nor if he shall have so resided for seven years, shall it be lawful to direct any larger

allowance

allowance to be made to him than the sum of 1,300 *l.* sterling per annum, unless he shall have resided in India as such chief justice or puisne judge, or partly as one and partly as the other, for 10 years; nor if he shall have so resided for 10 years, shall it be lawful to direct any larger allowance to be made to him than the sum of 2,000 *l.* sterling per annum.

IX. Provided also, and be it further enacted, that it shall not be lawful to direct any larger allowance to be made to either of the chief justices of the said Supreme Courts of Judicature at Madras or Bombay, than the sum of 800 *l.* sterling per annum, unless he shall have resided in India as such chief justice or puisne judge, or partly as one and partly as the other, for seven years; nor if he shall have so resided for seven years, shall it be lawful to direct any larger allowance to be made to him than the sum of 1,000 *l.* sterling per annum, unless he shall have resided in India as such chief justice or puisne judge, or partly as one and partly as the other, for 10 years; nor if he shall have so resided for 10 years, shall it be lawful to direct any larger allowance to be made to him than the sum of 1,600 *l.* sterling per annum.

X. Provided also, and be it further enacted, that it shall not be lawful to direct any larger allowance to be made to either of the puisne judges of the said Supreme Court of Judicature at Fort William, than the sum of 750 *l* sterling per annum, unless he shall have resided in India as such puisne judge for seven years; nor if he shall have so resided for seven years, shall it be lawful to direct any larger allowance to be made to him than the sum of 1,000 *l.* sterling per annum, unless he shall have resided in India as such puisne judge for 10 years; nor if he shall have so resided for 10 years, shall it be lawful to direct any larger allowance to be made to him than the sum of 1,500 *l* sterling per annum.

XI. And be it further enacted, that it shall not be lawful to direct any larger allowance to be made to any one of the puisne judges of either of the said Supreme Courts of Judicature at Madras or Bombay respectively, than the sum of 600 *l.* sterling, per annum, unless he shall have resided in India as such puisne judge for seven years; nor if he shall have so resided for seven years, shall it be lawful to direct any larger allowance to be made to him than the sum of 800 *l.* sterling per annum, unless he shall have resided in India as such puisne judge for 10 years; nor if he shall have so resided for 10 years, shall it be lawful to direct any larger allowance to be made to him than the sum of 1,200 *l.* sterling per annum.

XII. Provided also, and be it further enacted, that it shall not be lawful for his Majesty to direct any larger allowance to be made to any chief justice of any of the said Supreme Courts so resigning, than the amount by this Act limited for the allowance to be made to the puisne judges of the Court to which such chief justice shall belong, unless he shall have held the office of a chief justice of one of the said Supreme Courts during five years of his residence in India.

* * * *

XV. And whereas under and by virtue of an Act made and passed in the 53rd year of the reign of his late Majesty King George the Third, and of another Act made and passed in the fourth year of the reign of his present Majesty, provision is made for granting a pension to the Bishop of Calcutta, under the limitations therein contained, and it is expedient to make further provision in respect thereof; be it further enacted, that it shall and may be lawful for his Majesty, his heirs and successors, in manner in the said Act of the 53rd year of the reign of his late Majesty mentioned, to grant to any such bishop who shall have exercised within the limits of the charter of the said united company the office of Bishop of Calcutta for five years, a pension not exceeding one-half of the sum, which his Majesty, by the said Act of the 53rd year of the reign of his late Majesty, is empowered to grant to any such bishop; and also to grant to any such bishop who shall have exercised within the limits aforesaid the said office of Bishop of Calcutta for seven years, a pension not exceeding two-thirds of the sum which his Majesty, by the said Act of the 53rd year of his late Majesty's reign, is empowered to grant to any such bishop.

XVI. Provided also, and be it further enacted, that it shall not be lawful for his Majesty, his heirs or successors, to direct any such allowance to be made to any such chief justice, puisne judge, recorder, or bishop respectively, who before he shall have held and exercised such office, or some or one of such offices, for the space of ten years in the whole, shall resign his said office for any other cause than in consequence of illness or infirmity, to be proved to the satisfaction of his Majesty, his heirs or successors.

EXTRACT from ACT 3 & 4 Will. 4, c. 85.

VII. And be it enacted, that it shall be lawful for the said Company to take into consideration the claims of any persons now or heretofore employed by or under the said Company, or the widows and children of any such persons, whose interests may be affected by the discontinuance of the said Company's trade, or who may from time to time be reduced, and under the control of the said Board, to grant such compensations, superannuations, or allowances (the charge thereof to be defrayed by the said Company as hereinafter mentioned) as shall appear reasonable: Provided always, that no such compensations, superannuations, or allowances shall be granted until the expiration of two calendar months after particulars of the compensation, superannuation, or allowance proposed to be so granted shall have been laid before both Houses of Parliament.

VIII. Provided always, and be it enacted, that within the first 14 sitting days after the

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first meeting of Parliament in every year there be laid before both Houses of Parliament the particulars of all compensations, superannuations, and allowances so granted, and of the salaries and allowances directed to be paid to such officers as may be appointed by the said Board as aforesaid during the preceding year.

* * *

XCVI. And be it enacted, that it shall and may be lawful for his Majesty, his heirs and successors, by warrant under his Royal Sign Manual, countersigned by the Chancellor of the Exchequer for the time being, to grant to any such Bishop of Madras or Bombay respectively, who shall have exercised in the British territories aforesaid for 15 years the office of such bishop, a pension not exceeding 800 *l.* per annum, to be paid quarterly by the said Company.

EXTRACT from ACT 21 & 22 VICT. c. 106.

III. Save as herein otherwise provided, one of Her Majesty's Principal Secretaries of State shall have and perform all such or the like powers and duties in anywise relating to the Government or Revenues of India, and all such or the like powers over all officers appointed or continued under this Act, as might or should have been exercised or performed by the East India Company, or by the Court of Directors or Court of Proprietors of the said Company, either alone or by the direction or with the sanction or approbation of the Commissioners for the affairs of India in relation to such Government or revenues, and the officers and servants of the said Company respectively, and also all such powers as might have been exercised by the said Commissioners alone; and any warrant or writing under Her Majesty's Royal Sign Manual, which by the Act of the Session holden in the 17th and 18th years of Her Majesty, c. 77, or otherwise, is required to be countersigned by the President of the Commissioners for the Affairs of India, shall in lieu of being so countersigned be countersigned by one of Her Majesty's Principal Secretaries of State.

* * * *

XIV. Any Member of the Council may, by writing under his hand, which shall be recorded in the Minutes of the Council, resign his office, and it shall be lawful for Her Majesty, by Warrant under Her Royal Sign Manual, countersigned by the Chancellor of the Exchequer, to grant to any person who, having held the office of Member of the Council for the period of 10 years or upwards, shall so resign by reason of infirmity disabling him from a due execution of the duties of the office, a retiring pension during life of 500 *l.*: Provided, that if at any time hereafter it should appear to Parliament expedient to reduce the number or otherwise deal with the constitution of the said Council, no Member of Council who has not served in his office for a period of 10 years shall be entitled to claim any compensation for the loss of his office, or for any alteration in the terms and conditions under which the same is held.

XV. The secretaries and other officers and servants on the Home Establishment of the said Company, and on the Establishment of the Commissioners for the Affairs of India, immediately before the commencement of this Act, shall on such commencement be and form the Establishment of the Secretary of State in Council; and the Secretary of State shall with all convenient speed make such arrangement of the said Establishments, and such reductions therein, as may seem to him consistent with the due conduct of the public business, and shall within six months after the commencement of this Act submit a scheme for the permanent Establishment to Her Majesty in Council; and it shall be lawful for Her Majesty, by the advice of Her Privy Council, upon consideration of such scheme, to fix and declare what shall constitute and be the Establishment of the Secretary of State in Council, and what salaries shall be paid to the persons on the Establishment, and the Order of Her Majesty in Council shall be laid before both Houses of Parliament within 14 days after the making thereof, provided Parliament be then sitting, or otherwise within 14 days after the next meeting thereof; and after such Establishment has been formed by such Order in Council, no addition of persons shall be made to such establishment, nor any addition made to the salaries authorised by such Order, except by a similar Order in Council, to be laid in like manner before both Houses of Parliament.

* * * *

XVII. It shall be lawful for Her Majesty, by Warrant under her Royal Sign Manual, countersigned by the Chancellor of the Exchequer, to grant to any secretary, officer, or servant on the Home Establishment of the said Company, or on the Establishment of the said Commissioners, who in consequence of such reduction as aforesaid by the Secretary of State or under such order in Council, is not retained on the establishment of the Secretary of State in Council, any compensation, either by way of a gross or annual payment, as, having regard to the circumstances, may seem just.

XVIII. It shall be lawful for Her Majesty, by warrant countersigned as aforesaid, to grant to any such secretary, officer or servant as aforesaid, retained on such last-mentioned establishment, such compensation, superannuation, or retiring allowance on his ceasing to hold office as might have been granted to him if this Act had not been passed, and the transfer of any person to the service of the Secretary of State in Council shall be deemed to be a continuance of his previous appointment or employment, and shall not prejudice any claims which he might have had in respect of length of service if his service under the said company or commissioners had continued; and it shall be lawful for Her Majesty, by Warrant countersigned as aforesaid, to grant to any secretary, officer, or servant appointed

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on the said establishment after the first formation thereof such compensation, superannuation, or retiring allowance as, under the Act of the Session holden in the fourth and fifth years of King William IV., c. 24, or any other Act for the time being in force concerning superannuations and other allowances to persons having held civil offices in the public service, may be granted to persons appointed on the establishment of one of Her Majesty's Principal Secretaries of State.

* * * *

XLI. The expenditure of the revenues of India, both in India and elsewhere, shall be subject to the control of the Secretary of State in Council, and no grant or appropriation of any part of such revenues, or of any other property coming into the possession of the Secretary of State in Council by virtue of this Act, shall be made without the concurrence of a majority of votes at a meeting of the Council.

The Act referred to in section 18 of the 21 & 22 Vict. c. 106, is 4 & 5 Will. 4, c. 24, dated 25th July 1834, being " An Act to alter, amend, and consolidate the Laws for regulating the Pensions, Compensations and Allowances to be made to Persons in respect of their having held Civil Offices in His Majesty's Service," and Act 22 Vict. c. 26, dated 19th April 1859, has been recently passed, being " An Act to amend the Laws concerning Superannuations and other Allowances to Persons having held Civil Offices in the Public Service."

Act 23 & 24 Vict. c. 89, dated 13th August 1860, extends in certain cases the provisions of the Superannuation Act, 1859.

EXTRACT from ACT 24 & 25 Vict. c. 104.

VI. Any chief justice or judge transferred to any High Court from the Supreme Court shall receive the like salary and be entitled to the like retiring pension and advantage as he would have been entitled to for and in respect of service in the Supreme Court, if such court had been continued, his service in the High Court being reckoned as service in the Supreme Court; and, except as aforesaid, it shall be lawful for the Secretary of State in Council of India to fix the salaries, allowances, furloughs, retiring pensions, and (where necessary), expenses for equipment and voyage of the chief justices and judges of the several High Courts under this Act, and from time to time to alter the same: Provided always, that such alteration shall not affect the salary of any judge appointed prior to the date thereof.

EXTRACT from ACT 32 & 33 Vict. c. 97.

VI. Any member of Council may, by writing under his hand, which shall be recorded in the Minutes of the Council, resign his office; and it shall be lawful for Her Majesty, by warrant under Her Sign Manual, countersigned by the Chancellor of the Exchequer, to grant to any member so resigning, out of the revenues of India, if he shall have been elected or appointed before the passing of this Act, and if he shall have held the said office for the period of 10 years and upwards at the date of such resignation, a retiring pension during life of 500 *l.*

VII. If at any time hereafter it should appear to Parliament expedient to reduce the number, or otherwise to deal with the constitution of the said Council, no member of Council who has not served in his office for a period of 10 years shall be entitled to claim any compensation for the loss of his office, or for any alteration in the terms and condition under which the same is held.

PENSION RULES applicable to JUDGES of the HIGH COURTS, &c.; to UNCOVENANTED SERVANTS of the GOVERNMENT of *India;* and to Members of the PILOT SERVICE in *Bengal.*

JUDGES OF THE HIGH COURTS.

THE following are the regulations made by the Secretary of State in Council of India, under the provisions of 24 & 25 Vict. c. 104, s. 6, respecting the retiring pensions of the judges of the High Courts. They were approved in the Judicial Despatch by the Secretary of State, No. 48, dated 11th October 1871.

Section 1. A chief justice of the High Court at Calcutta, after an actual service of 11½ years as judge of the High Court, of which period at least half shall have been in the office of chief justice, shall receive a pension not exceeding 1,800 *l.* per annum.

> [*Note.*—In these rules "actual service" includes the period during which a judge is carrying on his duties in a High Court, also periods spent on privilege and subsidiary leave, and periods of vacation during which the judge is not on "furlough or extraordinary leave."

"Extraordinary leave" means any leave granted otherwise than under the rules made by the Secretary of State in Council of India, under any provisions of the Act of Parliament above quoted.]

Section 2. A puisne judge of the High Court at Calcutta, on the same terms as to length of service, shall receive a pension not exceeding 1,200 *l.* per annum.

Section 3. A chief justice of the High Courts of Madras, Bombay, and the North Western Provinces respectively, after an actual service of 11½ years as judge of the High Court, of which period at least half shall have been in the office of chief justice, shall receive a pension not exceeding 1,500 *l.* per annum.

Section 4. A puisne judge of the High Courts of Madras, Bombay, and the North Western Provinces, respectively, on the same terms as to length of service, shall receive a pension not exceeding 1,200 *l.* per annum.

Section 5. A chief justice or puisne judge compelled to retire on medical certificate after six years and nine months actual service, shall receive a pension not exceeding one-half the amount of pension allowed for the full period of service.

Section 6. In the event of a judge of the High Court, selected from the covenanted or uncovenanted services, receiving a pension under these rules, he will not be entitled to any pension or retiring allowance under the rules applicable to covenanted and uncovenanted servants respectively.

Section 7. When a judge of the High Court, selected from the covenanted or uncovenanted branches of the Civil Service, is permitted to retire before completing the full period of service entitling him to the pension of a judge of that court, he shall, on retiring, receive such a pension as he would be entitled to under the rules applicable to covenanted or uncovenanted servants respectively, reckoning the period during which he shall have served as judge of a High Court towards his time for such pension.

Section 8. Provided, however, that if a judge of the High Court, selected from the covenanted or uncovenanted branches of the Civil Service, shall be compelled to retire, on medical certificate, after six years and nine months actual service, he shall be allowed the option of taking his pension or retiring allowance either under these rules or under the rules applicable to the service to which he belongs.

Section 9. A judge of the High Court, selected from the Covenanted Civil Service, shall be required to continue his subscriptions to the Civil Annuity and Civil Service Funds.

Section 10. If a judge be transferred from one court to another, the period he shall have officiated in the first court shall count as service qualifying for retiring pension.

Section 11. If a puisne judge be promoted to be a chief justice in the same or another court, the time he will have served as judge will count for pension, according to the rate of a judge's pension, and the time he shall serve as chief justice will count for pension according to the rate of a chief justice's pension.

Section 12. If a judge of Madras, Bombay, or North Western Provinces be promoted to be Chief Justice of Calcutta, the time he will have served as a judge will count for pension at the rate of a judge's pension, and the time he will serve as Chief Justice of Calcutta will count for pension according to the rate of such chief justice's pension.

Section 13. If a chief justice of Madras, Bombay, or the North Western Provinces be transferred to be Chief Justice of Calcutta, the time he shall have served in the former capacity will count for pension according to the rate of pension of a chief justice of Madras, Bombay, or the North Western Provinces, and the time he shall serve as Chief Justice of Calcutta shall count for pension according to the rate of pension of a chief justice of the High Court of Calcutta.

To the following officers, being barristers-at-law, or advocates of one of the High Courts of India, or of the Court of Session of Scotland, viz.:

Judges of the Chief Court of the Punjab.

First judges of small cause courts of Presidency towns.

Recorder of Rangûn.

Secretary (formerly Assistant Secretary) to the Council of the Governor General for making laws and regulations.

Invalid and retiring pensions are admissible as follows:

(*a.*) After six years and nine months active service in one or more of the above offices, an invalid pension of 300 *l.* a year.

(*b.*) After eight years and eight months such service, an invalid pension of 500 *l.* a year.

(*c.*) After 12 years such service, a retiring pension of 750 *l.* a year.

RULES for the Grant of SUPERANNUATION ALLOWANCES and PENSIONS to UNCOVENANTED SERVANTS of the GOVERNMENT of *India.*

RULES for the Grant of SUPERANNUATION ALLOWANCES and PENSIONS to UNCOVENANTED SERVANTS.

1. THESE rules are applicable to all officers of the uncovenanted civil service in the receipt of more than 10 rupees a month on a permanent establishment with the following exceptions:—

I. Jemadars, sowars, peons, lascars, boatmen, smiths, artificers, and all those engaged in any handicraft, labourers, and other inferior servants.

II. Officers whose whole time is not devoted to the duties of their office.

III. Officers not paid from the general revenues of the State, whose eligibility to pension may not be provided for by an order issued expressly for the particular case by the Government of India, and approved by the Right Honourable the Secretary of State.

IV. Officers for whom other pension rules or separate superannuation funds are provided.

Application for Pension.

2. Applications for pension must be submitted in a letter to Government by the head of the office or department in which the applicant may be employed, who shall certify whether the character, conduct, and past service of the applicant are such as to entitle him to the favourable consideration of Government.

3. Every application shall be accompanied by a register prepared according to Form A. in the Appendix. In cases of other than a good service pension, every application shall be accompanied by a medical certificate stating the applicant's incapacity for further service, with the cause thereof, and whether it has been induced by irregular or intemperate habits.

4. Applicants* for a superannuation allowance must be examined by the principal inspector-general of the medical department, if serving at the Presidency, or by a military invaliding committee, if serving elsewhere within a moderate distance of a station at which a military invaliding committee is periodically assembled. It is optional, however, with the local government to accept the certificate of a single medical officer, or to convene a special invaliding committee at a convenient civil station, if the applicant be serving at an inconvenient distance from a station where a military invaliding committee can be assembled.

5. Good service and superannuation allowances on retirement, sanctioned under these rules by the local governments, will be reported to the Government of India in quarterly returns in the form given in Appendix B.

Allowances on Retirement.

6. On production by an applicant of such medical certificates as shall satisfy the Government under which he may be serving of his incapacity to serve longer in India, he may be allowed:—

I.† Under 15 years' service, a gratuity not exceeding 12 months' salary.

II.† After 15 years' service, one-third of his average salary (and of his personal allowance, if any) during the previous five years, provided that in no case shall a pension be granted exceeding the sum of 3,000 rupees per annum, whatever the amount of salary, nor of 2,000 rupees per annum, if the salary shall not exceed 12,000 rupees per annum.

III.† After 25 years' service, one-half of his average salary (and of his personal allowance, if any) during the previous five years, provided, however, that in no case shall a pension be granted exceeding 5,000 rupees per annum, whatever the amount of salary, nor exceeding 4,000 rupees per annum, if the salary shall not exceed 12,000 rupees per annum.

7.† After 30 years' service or upwards, a pension may be granted, without production of medical

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* If the applicant is on leave in England, a certificate from the Medical Board of the India Office is required.

† For educational officers of the following classes entering the service after 25 years of age, the periods of service for pension are 12, 22, and 27 years, instead of 15, 25, and 30 years respectively.—

(1.) Inspectors of schools.
(2.) Principals and professors of colleges.
(3.) Head masters of schools and colleges.

To entitle an officer to the benefit of this rule, the whole of the requisite period of service must have been passed in the grades specified.

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medical certificate, of the same amount and subject to the same limitation as that sanctioned for 25 years' service on medical certificate. This pension, as the reward of faithful, efficient discharge of duty for 30 years, is termed a good service pension.

8. Pensions of the full amount authorised in paragraphs 6 and 7 are to be granted only as the reward of approved service. In any case in which an uncovenanted servant, without having incurred the penalty of removal from Government employ, shall, nevertheless, in the opinion of the Government under which he has been serving not be entitled to the full amount of pension, the local Government will make such a reduction in the amount of pension as it shall consider just.

9. The foregoing rates of pension and gratuity are applicable also, without the production of a medical certificate of unfitness for service, to officers discharged on reduction of establishment.

Service towards Pension.

10. Dismissal for misconduct entails forfeiture of the benefit of past service.

11. Service as a substitute does not count towards pension.

12. Periods of service before the age of 22, or of absence on other than privilege leave and preparatory leave, shall not count towards pension. Nor shall preparatory leave be allowed to count as service, if it is granted in addition to leave on medical certificate to an officer who has enjoyed leave of the latter description on two previous occasions.

13. The whole of the service in virtue of which pension is claimed must have been passed in an eligible grade and on a permanent establishment; but claims barred by this rule will be specially considered if the promotion from an ineligible grade was bestowed as a reward for meritorious service or for good conduct.

14. The period of service must be continuous, but, in case of the abolition of the office held by an officer, and his being subsequently employed by Government, his first period of service is to be taken into account.

Gratuities.

15. When an officer is discharged with a gratuity under these rules on reduction of establishment, the gratuity will not be given to him in one sum, but in monthly instalments of a month's pay until the full amount is paid. Should he be re-employed before or after the period for which gratuity is allowed, he will have the option of refunding the gratuity and recovering his former service, or of forfeiting that service by retaining the gratuity. In the latter case, any balance of gratuity remaining undrawn at the date of his re-employment may be paid to him.

Payment of Pensions.

16. Payment of pension will commence from the date on which the applicant ceases to be borne on the establishment, or from that of his application, whichever may be the later date.

17. No pension shall be payable in arrear, for a period exceeding six months, without the express sanction of Government obtained through the civil paymaster, unless the cause of the suspension of payment shall have been the neglect, order, or act of some public officer, and beyond the control of the pensioner, when the civil paymaster, on a reference being made to him, shall exercise his discretion in passing arrears for payment, or submit a representation of the case for the information and orders of Government, as he shall consider proper.

18. An officer shall, on retirement, have the option of drawing his pension either in India or from the Home Treasury. After exercising his option on retirement, he may, at a subsequent period, change the place of payment from England to India, or *vice versâ.* This change can, however, be allowed but once. The payments in England will be made at the rate of exchange which is annually fixed in communication with the Lords of the Treasury for the adjustment of transactions between the British and Indian Exchequers.

APPENDIX (A).

REGISTER of an Application for a Superannuation Pension from the Establishment of preferred under the Rules passed by Government, under date the

Name of the Person by whom the Pension is Applied for, with the Name of his Father	Number on the Establishment	Identification of the Applicant's Person.	Size.		Age of Applicant at the Time of Application.			Religion, Caste, or Tribe.	Where Residing.			Present Employment.	Total Period of Service		Applicant's Service continuous or not	How long Unemployed, and under what Circumstances	Date of Application to Government.	Average Salary or Authorised Official Allowances per Mensem, for the Five Years preceding the Date of Application.		Salary or Authorised Official Allowances per Mensem at the Time of Application.		Abstract of the Grounds of Application	Remarks by the Head of Office.	Proposed Amount of Pension per Mensem.		Treasury at which the Party, if Pensioned, wishes to Draw his Pension	Orders of Government.
			Feet.	Inches.	Years.	Months.	Days.		Province.	Pergunnah.	Village		Years.	Months				Rupees.	Annas	Rupees.	Annas			Rupees	Annas		
		Indelible Marks and other Signs or Natural Defects.																									

N B.—Should the head of the office be unable, from his personal or official knowledge, to supply the whole of the specific information which the register should contain, he shall call upon the individual concerned to furnish a written statement (to be verified by his oath or solemn declaration, if required) on the points on which information may be defective.

In filling up the register, the head of the department will state, after inspecting the establishment roll, whether the service of the applicant has been continuous, and, if not, for how long he was unemployed, and under what circumstances.

APPENDIX (B).

STATEMENT of Pensions sanctioned by the Government of in the Department during the Quarter of

Number.	Name of Recipient	Designation and Place of Employment.	Character.	Period Counted as Service.			Average Monthly Salary during the last Five Years of Service.	Amount of Monthly Pension Granted.	Date from which the Pension is to take effect.	Remarks or Explanations.
				Years.	Months.	Days				
							Rs. a. p.	*Rs. a. p.*		

E. H. Lushington,
Secretary to the Government of India.

Appendix, No. 29.

MEMBERS OF THE PILOT SERVICE IN BENGAL.

[*Note.*—The following Rules were declared in 1835.]

Contribution	*Rs.*
Branch Pilot - - -	40 a month.
Master - - - -	20 „
First Mate - - -	10 „
Second Mate and Volunteer	4 „

Section 1. In consideration of a monthly contribution to the extent noted in the margin, by the pilots of the several grades towards a fund for pensionary support to their widows and orphans, the following pensions will be allowed by Government:—

	Rs.
Branch Pilot - - - - - - - - -	200 a month.
Master - - - - - - - - -	100 „
First Mate - - - - - - - - -	60 „
Second Mate and Volunteer - - - -	30 „
Families.	
Widow of Branch Pilot - - - - - -	100 „
Ditto - Master - - - - - - -	50 „
Ditto - First Mate - - - - - - -	30 „
Ditto - Second Mate and Volunteer - - - -	15 „
Children.	
Girls until 10 years of age - - - - - -	14 „
„ after 10 years until married - - - -	20 „
Boys until 15 years of age - - - - - -	12 „

1. The widow of a pilot married to him after he became a pensioner, and the children of such marriages are not entitled to the benefit of these rules.

Section 2. (*a.*) Pilots are entitled to pension at the above rates, on medical certificates, by the standing invaliding committee.

(*b.*) A pilot, after 30 years actual service in India, if he shall have attained the grade of branch pilot, shall be entitled to retire upon the pension of Government rupees 200 a month, or if below the grade, upon a pension of Government rupees 100 a month, provided that in any period of three consecutive years the number of pensions so granted do not exceed four.

Section 3. To entitle widows and orphans to the above pensions, pilots are to forward to the master attendant certificates of their marriage, of the birth of their children, and of their baptism, within one month after the occurrence thereof. Notices of death are in like manner to be forwarded to the master attendant.

Section 4. No widow who may have been legally divorced or separated from her husband for adultery, or who at the period of her husband's demise may have quitted his protection, and be living in a state of notorious adultery, though not divorced or separated from him by law, or who, subsequently to her husband's decease, may be living in a notorious state of incontinence, nor any female orphan living in such state, shall be entitled to receive, or continue to receive, any pension under these rules.

Section 5. If a widow pensioner marries, her pension is to cease during her coverture; but in the event of her again becoming a widow, she shall be re-admitted to the pension to which she was entitled during her first widowhood, unless her second husband shall have been a member of the pilot service, and have been at his death of a higher grade than her first husband, in which case she shall be entitled to the pension of the higher rank.

Section 6. All pensioners under these rules are to make personal appearance at the Accountant General's Office on the first day of every alternate month, or to afford such other proof of their existence as the Accountant General may from time to time require.

Section 7. Widows and female orphans above the age of 15 years are required to forward to the Accountant General's Office declarations half-yearly, in May and November, that they are not married, and that they have not been married at any intervening period. The declarations are to be countersigned by the executor to the estate of the deceased member of the pilot service, or pensioner, or by the guardian of an orphan, and by a member of the pilot service, certifying to the truth of the declaration to the best of their knowledge and belief. Forms of the declaration will be furnished on application at the Office of the Accountant General.

Section 8. Contributions to the pension fund by members of the pilot service who joined the service on or before the 1st July 1835, and pensions to them and to their families, will continue to be paid in Sicca rupees. All other contributions, allowances, and pensions will be paid in Government rupees.

1. If pensions payable in Sicca rupees are paid at the Home Treasury of the Government of India, payment is made at 1*s.* 11*d.* for each Government rupee, 104⅙ Government rupees being taken as equivalent to 100 Sicca rupees.

India Office, 23 April 1872.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 30.

PAPERS handed in by Mr. *Harrison.*

INDIA.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

(Question 3609.)

NAME.		DEPARTMENT.	APPOINTMENT.
Abbott	Lieut. H. B.	Political	Officiating Assistant to Governor General's Agent, Rajpootana.
Anderson	Major F. C.	Surveys	Deputy Superintendent, Revenue Survey, Oude.
Andrew	Lieut. D. C.	ditto	Assistant Superintendent, Revenue Survey, Lower Provinces.
Badgley	Captain W. F.	ditto	Assistant Superintendent, Topographical Survey.
Baird	Lieut. A. W.	ditto	ditto - - ditto - - Great Trigonometrical Survey.
Bannerman	Captain P. W.	Political	Bheel Agent, Bhopawur.
Barron	Lieut. W.	Surveys	Deputy Superintendent, Revenue Survey.
Beavan	Lieut. R.	ditto	Assistant Superintendent, Revenue Survey, North Western Frontier.
Barr	Lieut. D. W. K.	Political	Officiating Second Assistant to Governor General's Agent, Central India.
Basevi	Captain J. P.	Surveys	Deputy Superintendent, Great Trigonometrical Survey.
Baylay	Captain C. A.	Political	Assistant to Governor General's Agent, Rajpootana.
Berkeley	Captain J. C.	ditto	Second Assistant to Governor General's Agent and Assistant General Superintendent for Suppression of Thuggee and Dacoity, Indore.
Beynon	Major W. H.	ditto	Political Agent, Jeypore and Kishenghur.
Blair	Lieut. Col. C. R.	ditto	Officiating Assistant to Governor General's Agent, Rajpootana.
Bradford	Captain E. R. C.	ditto	Officiating Political Agent, Jeypore.
Branfill	Major B. R.	Surveys	Officiating Deputy Superintendent, Great Trigonometrical Survey.
Brooke	Colonel J. C.	Political	Officiating Governor General's Agent, Rajpootana.
Burlton	Captain H. M.	Revenue and Judicial	Assistant Cantonment Magistrate and in charge of Treasury, Gwalior
Burne	Major O. T.	- - - -	Private Secretary to Viceroy.
Burton	Lieut. C. W.	Political	Officiating Assistant to Governor General's Agent, Rajpootana.
Cadell	Captain T.	ditto	Political Agent, Ulwar.
Campbell	Captain W. M.	Surveys	Deputy Superintendent, Great Trigonometrical Survey.
Carnell	Major W.	Political	Political Superintendent, Rajpootana, and Officiating General Superintendent for suppression of Thuggee and Dacoity, Lower Rajpootana.
Carter	Captain T. T.	Surveys	Deputy Superintendent, Great Trigonometrical Survey.
Clerk	Lieut. R. M.	ditto	Second Assistant Superintendent, Coorg Revenue Survey.
Cole	Lieut. H. H.	ditto	Superintendent, Archæological Survey.
Coddington	Captain F.	ditto	Deputy Superintendent, Revenue Survey, Central Provinces.
Cowan	Lieut. S. H.	ditto	Assistant Superintendent, Revenue Survey.
Crommelin	Colonel W. A.	Public Works Department.	Deputy Secretary, Public Works Department.
Cunningham	General A.	Surveys	Director General, Archæological Survey.
Daly	Major General H.	Political	Agent to Governor General, Central India.
Depree	Major G. C.	Surveys	Deputy Superintendent, Topographical Survey.
Dickens	Colonel C. H.	Public Works Department.	Secretary, Public Works Department.
Dickson	Lieut. Col. W. D.	Judicial	Cantonment Magistrate and Small Cause Court Judge, Neemuch.
Dummler	Lieut. A. E.	Surveys	Assistant Superintendent, Great Trigonometrical Survey.
Durand	Lieut. E. L.	Political	Officiating Governor General's Agent, Rajpootana.

INDIA.—Return showing Military Officers on Civil Employment—*continued.*

Name.		Department.	Appointment.
Eckford	Captain J.	Telegraph	Officiating Director of Construction.
Filgate	Captain A. J.	Public Works Department.	Assistant Accountant General, Public Works Department.
Gastrell	Colonel J. E.	Surveys	Superintendent, Revenue Survey.
Gibson	Lieut. E. E.	- - - -	Boundary Settlement Officer for Native States of Bundelcund.
Godwen-Austen	Major H. H.	Surveys	Deputy Superintendent, Topographical Survey.
Goodfellow	Captain G. R.	Political	Officiating Political Agent for Baghlecund.
Haig	Captain C. T.	Surveys	Deputy Superintendent, Great Trigonometrical Survey.
Heaviside	Lieut. W. J.	ditto	Assistant Superintendent - - ditto.
Hervey	Colonel C. R. W.	Police	General Superintendent for Suppression of Thuggee and Dacoity.
Herbert	Lieut. Col. C.	Political	Political Agent, Turkish Arabia.
Herschel	Captain J.	Survey	Officiating Deputy Superintendent, Great Trigonometrical Survey.
Hill	Lieut. J.	ditto	Assistant Superintendent, Great Trigonometrical Survey.
Holdich	Lieut. T. H.	ditto	Assistant Superintendent, Topographical Survey.
Hutchinson	Lieut. Col. A. R. E.	Political	Political Agent, Gwalior.
Hutchinson	Lieut. H. S.	Surveys	Assistant Superintendent, Revenue Survey.
Hyde	Lieut. Col. H.	Financial	Mint Master, Calcutta.
Impey	Major E. C.	Political	Political Agent, Matmar.
Innes	Lt. Col. J. J. McL.	Public Works Department.	Accountant General, Public Works Department.
Jarrett	Captain H. S.	- - - -	Secretary, Board of Examiners.
Johnstone	Lieut. Col. H. C.	Surveys	Deputy Superintendent, Revenue Survey, North Western Frontier.
Keatinge	Lieut. Col. R.	Political	Agent to Governor General, Rajpootana.
Kincaid	Major W.	ditto	Deputy Bheel Agent and Political Assistant, Munipore.
Lawrence	Colonel R. C.	ditto	Resident, Katmandhoo.
Lester	Major W. C.	Judicial	Judge, Small Cause Court and Cantonment Magistrate, Mhow.
Luard	Captain F. P.	Political	Third Assistant to Governor General's Agent, Central India.
Macdonald	Captain D.	Surveys	Deputy Superintendent, Delhi and Nissar Revenue Survey.
Macdonald	Major J.	ditto	Officiating Deputy Surveyor General, Revenue Survey.
Mackenzie	Lieut. Col. A. M.	Political	First Assistant to Political Agent, Mewyar, and Commandant Meywar Bheel Corps.
Mackeson	Lieut. Col. F. L.	- - - -	Superintendent of Hill Tracts and 2nd in command, Meywar Bheel Corps.
Maitland	Lieut. F. H.	Political	Officiating Boundary Settlement Officer, Bhopal.
McCullagh	Lieut. J. R.	Survey	Officiating Assistant Superintendent, Great Trigonometrical Survey.
Mallock	Captain H.	Telegraphs	Director of Construction.
Maltby	Lieut. E. P.	Revenue and Judicial	First Assistant Superintendent of Coorg.
Man	Colonel W.	Judicial	Superintendent, Port Blair and Nicobars.
Martin	Ensign G. W.	Survey	Probationary Assistant Superintendent, Revenue Survey, Lower Provinces.
Martin	Captain C.	Political	Political Assistant and Magistrate, Goonah.
Muir	Captain W. J. W.	ditto	Political Agent, Harotee and Tonk.
Murray	Major R.	Telegraph	Officiating Director General of Telegraphs.
Murray	Captain W. G.	Survey	Deputy Superintendent of Survey.
Montgomerie	Major T. G.	ditto	Officiating Superintendent, Great Trigonometrical Survey.
Nasmyth	Lieut. Col. D. J.	ditto	Deputy Superintendent, Great Trigonometrical Survey.
Nixon	Lieut. Col. J. P.	Political	Political Agent, Nuywar.
Nuthall	Major Gen. W. F.	ditto	Officiating Political Agent, Munipore.
O'Reilly	Captain H. T.	Judicial	Treasury Officer at Port Blair.
Osborne	Lt. Col. J. W. W.	Political	Political Agent, Bhopaul.
Osborne	Captain J. H. W.	Survey	Deputy Superintendent, Revenue Survey, Lower Provinces.

INDIA.—Return showing Military Officers on Civil Employment—*continued.*

Name.		Department.	Appointment.
Pearson	Major G. F.	Forest	Officiating Inspector General of Forests, North Western Provinces.
Pemberton	Captain R. C. B.	Public Works Department.	Assistant Secretary, Public Works Department.
Playfair	Major F. L.	Judicial	Deputy Superintendent, Port Blair and Nicobars.
Powlett	Captain P. W.	Political	Officiating Political Agent, Eastern States, Rajpootana.
Priestley	Colonel F. J. B.	Survey	Superintendent, Coorg Revenue Survey.
Probyn	Colonel D. M.	Political	Political Agent, Western Malwa.
Protheroe	Captain M.	Judicial	Assistant Superintendent, Port Blair and Nicobars.
Pullan	Captain A.	Survey	ditto - - ditto, Great Trigonometrical Survey.
Pye	Lieut. K. C.	Public Works Department.	Assistant Secretary, Public Works Department.
Quin	Captain T. G.	Revenue and Judicial	Assistant Commissioner, Ajmere.
Repton	Captain H. M.	ditto	ditto - - - ditto.
Riddell	Lieut R. P.	Surveys	Deputy Superintendent, Topographical Survey.
Ridgway	Captain J. W.	Political	Officiating Assistant to Governor General's Agent, Rajpootana.
Roberts	Captain A. W.	ditto	Assistant to Governor General's Agent, Rajpootana.
Robinson	Colonel D. G.	Telegraph	Director General of Telegraphs.
Rogers	Lieut. M. W.	Surveys	Officiating Deputy Superintendent, Great Trigonometrical Survey.
Rundall	Colonel F. H.	Public Works Department.	Officiating Inspector General, Irrigation Works.
Samuels	Lieut. E. W.	Surveys	Assistant Superintendent, Revenue Survey.
Sandeman	Lieut. J. E.	ditto	ditto - - ditto - - - ditto.
Saxton	Colonel G. H.	ditto	Deputy Superintendent, Topographical Survey.
Sconce	Captain J.	ditto	ditto - - ditto - Revenue Surveys, Lower Provinces.
Shuttleworth	Captain C.	Judicial	Cantonment Magistrate, Nusseerabad.
Smith	Lieut. H. L.	Surveys	Assistant Commissioner, Revenue Survey.
St. George	Major E.	Legislative	Assistant Secretary, Legislative Department.
Steel	Lieut. E. H.	Survey	Assistant Superintendent, Revenue Survey, Lower Provinces
Stewart	Captain W. J.	ditto	Deputy Superintendent, Revenue Survey, Lower Provinces.
Strachey	Colonel R.	Public Works Department.	Inspector General, Irrigation Work.
Strahan	Lieut. C.	Survey	Deputy Superintendent, Topographical Survey.
Strahan	Captain E.	ditto	ditto - - ditto - - ditto - - ditto.
Tanner	Captain H. C. B.	ditto	ditto - - ditto - Revenue Survey, Bhawulpore.
Temple	Captain E.	Political	Political Assistant, Bundelcund, and Cantonment Magistrate, Nowgong.
Thompson	Colonel E.	ditto	First Assistant to Governor General's Agent, Central India.
Thomson	Major H. G.	Revenue and Judicial	Superintendent of Coorg.
Thuillier	Colonel H. E. L.	Surveys	Surveyor General of India.
Thuillier	Captain H. R.	ditto	Deputy Superintendent, Great Trigonometrical Survey.
Trotter	Lieut. H.	ditto	Ditto - - ditto - - ditto - - ditto.
Tweedie	Major W.	Political	Assistant Resident, Hydrabad
Vanrenen	Colonel D. C.	Surveys	Superintendent, Revenue Survey, Upper Circle.
Vanrenen	Major A. D.	ditto	Deputy Superintendent, Revenue Survey, North Western Provinces.
Verner	Colonel G.	Political	Officiating Agent to Governor General with ex-King of Oude.
Walker	Colonel J. F.	Surveys	Superintendent, Great Trigonometrical Survey.
Walter	Captain C. K. M.	Political	Political Agent, Eastern States of Rajpootana.
Ward	Major W. G.	ditto	Assistant to the Resident, Hydrabad.
Waterhouse	Lieut. J.	Surveys	Assistant Superintendent of Surveys
Wavell	Captain L.	ditto	Probationary Assistant Superintendent, Revenue Survey.
Wilkins	Captain W. H.	ditto	Assistant Superintendent, Revenue Survey, Central Provinces.
Williams	Major E. C. S.	Public Works Department.	Deputy Secretary, Public Works Department.
Wilmer	Lieut. J. R.	Surveys	Assistant Superintendent, Topographical Survey.
Wilson	Lieut. F. A.	- - - -	Guardian and Tutor to Nawab of Jowra.
Wright	Lieut. Col. J. A.	Judicial	Cantonment Magistrate and Judge, Supreme Civil Court, Gwalior.
Young	Captain C.	Political	Officiating Assistant Political Agent, Meywar.

OUDH.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

NAME.		DEPARTMENT.	APPOINTMENT.
Aitken	Lt. Col. R. H. M.	Police	Inspector General, Oudh Police.
Barrow	Lt. Col. De S.	ditto	District Superintendent of Police, and Superintendent of City Police, Lucknow.
Barrow	Lieut. F.	ditto	Officiating Junior Secretary.
Barrow	Major Gen. L.	ditto	Chief Commissioner of Oudh.
Boulderson	Major S. S.	Revenue	Settlement Officer, Kheree District.
Chamier	Lt. Col. F. E. A.	ditto	Deputy Commissioner, Oonas District.
Clark	Lt. Col. E. G.	ditto	Settlement Officer, Baraich.
Cowie	Lieut. T. R.	ditto	Supernumerary Assistant Commissioner, Fyzabad.
Currie	Captain F.	Judicial	City Magistrate, Oonas.
De Montmorency	Captain R. H.	Revenue and Judicial	Officiating Deputy Commissioner, Gondah.
Erskine	Captain G. E.	Revenue	Settlement Officer.
Fisher	Major H. S. V.	Revenue and Judicial	Assistant Commissioner, Seetapore.
Forbes	Captain W. E.	Revenue	ditto - Settlement Officer.
Grigg	Captain E. E.	Revenue and Judicial	Ditto - Commissioner, Kheere District
Gubbins	Lieut. M. N.	ditto	Supernumerary Assistant Commissioner, Hurdui.
Hamilton	Captain W.	ditto	Assistant Commissioner, Lucknow.
Harrison	Captain W. P.	ditto	Supernumerary Assistant Commissioner, Pertabgurh.
Hastings	Captain H. W.	ditto	Assistant Commissioner.
Hemans	Lieut. A. G. W.	ditto	Supernumerary Assistant Commissioner, Pertabgurh.
Hewitt	Captain J. A. B.	ditto	Assistant Commissioner, Pertabgurh.
Horsford	Captain N. M. T.		Junior Secretary to Chief Commissioner.
Low	Captain J.	Revenue and Judicial	Assistant Commissioner, Roy Bareilly.
McAndrew	Major J. F.		Secretary to Chief Commissioner.
Marett	Captain J. R.	Revenue and Judicial	Assistant Commissioner, Sultanpore.
Maynard	Captain F. N. M.	Police	District Superintendent of Police, Pertabgurh.
Murray	Captain A.	Revenue and Judicial	Assistant Commissioner, Lucknow.
Newbery	Captain F. M.	ditto	ditto - - ditto - Fyzabad.
Noble	Captain C. S.	ditto	ditto - - ditto.
Ouseley	Major R.	Revenue	Officiating Settlement Officer, Roy Bareilly.
Perkins	Major J.	Revenue and Judicial	Deputy Commissioner, Seetapore.
Phaire	Major W.	Judicial	Cantonment Magistrate, Fyzabad.
Pitcher	Lieut D. G.	Revenue and Judicial	Assistant Commissioner, Lucknow.
Prendergast	Captain C. L.	ditto	Supernumerary Commissioner, Fyzabad.
Procter	Captain M. M.	Police	District Superintendent of Police, Goudah.
Reid	Lieut. Col. J.	Revenue and Judicial	Commissioner, Fyzabad Division.
Ross	Lieut. Col. J. S.	ditto	Deputy Commissioner, Goudah.
Sandes	Lieut. T. W.	ditto	Supernumerary Assistant Commissioner, Sultanpore.
Sharpe	Major C. F.	Police	District Superintendent of Police, Sultanpore.
Shaw	Major C. R.	Revenue and Judicial	Deputy Commissioner, Kheree.
Smith	Major O. L.	Police	District Superintendent of Police, Fyzabad.
Smith	Major W.	Judicial	Cantonment Magistrate, Lucknow.
Steel	Lieut.-Col. J. A.	Revenue and Judicial	Deputy Commissioner, Roy Bareilly.
Stenhouse	Captain W.	Forests	Officiating Conservator of Forests.
Thompson	Major E.	Revenue and Judicial	ditto - Commissioner, Seetapore Division.
Tweedie	Captain M.	Police	District Superintendent of Police, Kheree.
Wilkinson	Major A. E.	Judicial	Officiating Judge, Small Cause Court, Lucknow.
Woodcock	Captain E. M.	ditto	ditto - ditto - - ditto - - Fyzabad.
Wyllie	Lieut. W. H. C.	Revenue and Judicial	Supernumerary Assistant Commissioner, Oonas.
Young	Captain G. G.	Revenue	Officiating Settlement Officer, Seetapore.

CENTRAL PROVINCES.

RETURN showing Military Officers on Civil Employment.

Name.		Department.	Appointment.
Ashburner	Lieut. Col. J.	Revenue and Judicial	Deputy Commissioner, Godavery District.
Bartlett	Lieut. Col. H. T.	Judicial	Cantonment Magistrate, Saugor.
Bloomfield	Captain A.	Revenue and Judicial	Deputy Commissioner, Balaghut District.
Bowie	Captain M. M.	ditto	Assistant Commissioner, Sumbulpore.
Bradshaw	Captain O. M.	Police	District Superintendent of Police, Wardha.
Brooke	Captain T. B. H.	Revenue and Judicial	Assistant Commissioner, Nagpore.
Brooke	Captain W. S.	Judicial	Cantonment Magistrate, Jubbulpore.
Burrowes	Lieut. R. W. E.	Police	District Superintendent of Police, Bhundara.
Cumberlege	Major A. B.	Revenue and Judicial	Commissioner, Chuteesgurh.
Dennys	Colonel J. B.	ditto	Deputy Commissioner, Hoshangabad.
Dods	Major P.	Education	Inspector General of Education.
Doveton	Lieut J. C.	Forests	Conservator of Forests.
Fenton	Major F.	Revenue and Judicial	Deputy Commissioner, Nagpore.
Forsyth	Captain J.	ditto	Assistant Commissioner.
Frazer	Captain H.	Police	District Superintendent of Police, Nimar.
Glasfurd	Major C. L. R.	Revenue and Judicial	Deputy Commissioner, Betul.
Grace	Captain C. H.	ditto	ditto - ditto - Dumoh.
Hallett	Captain H. H.	ditto	Assistant Commissioner, Hoshangabad.
Hammond	Captain H. A.	Police	Officiating District Superintendent of Police, Jubbulpore.
Hogg	Captain T. W.	Revenue and Judicial	Assistant Commissioner, Hoshangabad.
Jacob	Captain H. B.	Education	Officiating Inspector of Schools, Southern Circle.
Jarrett	Captain H. C. T.	Forests	Deputy Conservator of Forests, Hoshangabad.
Keatinge	Lieut Col. R. H.	- - -	Officiating Chief Commissioner.
Loch	Captain J. L.	Revenue and Judicial	Deputy Commissioner, Nimar.
Lugard	Captain H. J.	ditto	Assistant Commissioner, Raepur.
Macdougal	Captain J. W.	Judicial	Officiating Cantonment Magistrate, Kamptee.
Mackenzie	Major H.	ditto	Judicial Commissioner.
Maclean	Colonel J. N. H.	Revenue and Judicial	Deputy Commissioner, Saugor.
Magniac	Lieut. Col. F. L.	Judicial	Judge, Small Cause Court, Nagpore, and Registrar General of Assurances.
Mathias	Major H. V.	Police	District Superintendent of Police, Chindwara.
McNeill	Captain D.	ditto	ditto - ditto - Sumbulpoor.
Miller	Capt. E. W. C. H.	Revenue and Judicial	Assistant Commissioner, Khundwa.
Morris	Captain F. B.	ditto	ditto - ditto - Chindwara.
Morris	Major W. J.	ditto	ditto - ditto - Saugor
Moxon	Colonel G. G.	ditto	ditto - ditto - Nagpore.
Newmarch	Major F. H.	ditto	Deputy Commissioner, Raepur.
Noverre	Captain W. L.	ditto	Assistant Commissioner, Balaspur.
Pemberton	Captain E. A.	ditto	Officiating Assistant Commissioner, Nagpore.
Playfair	Major E. M.	ditto	Officiating Deputy Commissioner, Chindwara.
Plowden	Captain C. H.	ditto	Deputy Commissioner, Narsinghpur District.
Ranken	Lieut. Col. R.	Gaols	Superintendent Government School of Industry and Central Gaol, Jubbulpore.
Ricketts	Captain M. P.	Revenue and Judicial	Deputy Commissioner, Chanda.
Robertson	Lieut. D.	ditto	Assistant Commissioner, Seoni.
Scott	Captain T. A.	ditto	ditto - ditto - Nimar.
Smith	Major C. B. L.	ditto	Deputy Commissioner, Chanda.
Spence	Colonel J. K.	ditto	Commissioner, Jubbulpore Division.
Steuart	Major F. J.	Police	District Superintendent of Police, Raepur.
Sutherland	Capt. S. S.	ditto	ditto - ditto - Nagpore.
Taylor	Captain H. D.	ditto	Inspector General of Police, Nagpore.
Temple	Captain J. A.	Judicial	Officiating Judge, Small Cause Court, Jubbulpore.
Thomas	Captain R. B. M.	ditto	Officiating Cantonment Magistrate, Jubbulpore.
Thomson	Major W. B.	Revenue and Judicial	Deputy Commissioner, Upper Godavery.
Vander Gucht	Major T. E.	Police	District Superintendent of Police, Jubbulpore.
Vertue	Captain W.	Revenue and Judicial	Officiating Assistant Commissioner, Chanda.
Waddington	Lieut. Col. H.	ditto	Deputy Commissioner, Wardha.
Walton	Major G. S. B.	Police	Officiating District Superintendent of Police, Hoshungabad.
Ward	Captain H. C. E.	Revenue and Judicial	Deputy Commissioner.
Wood	Major J. C.	ditto	ditto - ditto - Mundla District.
Wakefield	Major T.	Judicial	Judge, Small Cause Court, Jubbulpore.

BRITISH BURMAH.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

NAME.		DEPARTMENT.	APPOINTMENT.
Alexander	Lieut. G. A.	Revenue and Judicial	Assistant Commissioner, Thayetmyo.
Ardagh	Lieut. Col. R. D.	ditto	Commissioner of Pegu.
Arnot	Lieut. W. B.	Marine	Superintendent of Lighthouses.
Bance	Captain L. B.	Police	Superintendent of Police.
Baynes	Lieut. T. J.	Revenue and Judicial	Assistant Commissioner, Bassein.
Brown	Colonel D.	ditto	Commissioner of Moulmein District.
Browne	Lieut. Col. H. A.	ditto	Deputy Commissioner, Thayetmyo.
Butler	Lieut. J.	ditto	Assistant Commissioner, Rangoon.
Cooke	Lieut. C. B.	- - -	Officiating Private Secretary to Officiating Chief Commissioner
Cresswell	Lieut. C. A.	Revenue and Judicial	Assistant Commissioner, Toungboo.
Davies	Lieut. Col. H. A.	ditto	Deputy Commissioner, Rangoon.
Duff	Major A. G.	ditto	ditto - ditto - Shwe Gheen.
Duncan	Major T. H.	Police	Inspector General of Police.
Duval	Major J.	ditto	Superintendent of Police.
Evanson	Captain R. C.	Revenue and Judicial	Assistant Commissioner, Rangoon.
FitzRoy	Captain F.	ditto	Senior Settlement Officer, Rangoon
Fryer	Captain G. E.	ditto	Assistant Commissioner, Tavoy.
Gordon	Major C. V.	Judicial	Ditto - Cantonment Magistrate, Toungboo.
Gower	Captain H. A.	Revenue and Judicial	Officiating Assistant Commissioner.
Grove	Major W. G.	Police	Superintendent of Police.
Hamilton	Major T. C.	ditto	ditto - - ditto.
Hildebrand	Lieut. Col. C. P.	Revenue and Judicial	Deputy Commissioner, Ramree.
Houghton	Captain R.	Police	Superintendent of Police, Prome.
Hughes	Captain W. G.	Revenue and Judicial	Assistant Commissioner and Town Magistrate, Akyab.
Litchfield	Captain R. F.	Police	Superintendent of Police.
Lloyd	Major M. B.	Revenue and Judicial	Deputy Commissioner, Toungboo.
Lowndes	Captain T.	Police	Superintendent of Police, Amherst.
McMahon	Major A. R.	Revenue and Judicial	Deputy Commissioner.
Munro	Major W.	Judicial	Magistrate of Rangoon.
Munro	Captain C. A.	Police	Superintendent of Police, Akyab.
Pemberton	Captain W. B.	Revenue and Judicial	Officiating Deputy Commissioner, Bassein.
Plant	Captain W. C.	ditto	Deputy Commissioner, Henzadab.
Poole	Lieut. M. C.	ditto	Assistant - ditto - ditto.
Prendergast	Captain C. O'L.	ditto	ditto - - ditto - ditto.
Ryan	Lieut. Col. E. M.	ditto	Deputy Commissioner, Moulmein.
Seaton	Captain W. J.	Forests	Conservator of Forests.
Sladen	Major E. B.	Political	Political Agent, Mandalay.
Spearman	Captain H. R.	ditto	Assistant Agent, Bhamo.
Spilsbury	Lieut. Col. E. J.	Revenue and Judicial	Deputy Commissioner, Moulmein.
Stainforth	Lieut. W.	Judicial	Assistant Cantonment Magistrate, Thayetmyo.
Stevenson	Lieut. Col. J. F.	Revenue and Judicial	Commissioner of Akyab District.
Street	Captain E. W.	ditto	Deputy Commissioner, Prome.
Strover	Captain G. A.	Political	Officiating Political Agent, Mandalay.
Thorp	Lieut. G. F.	Revenue and Judicial	Assistant Commissioner, Prome.

BENGAL.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

NAME.		DEPARTMENT.	APPOINTMENT.
Agnew	Colonel W.	Judicial	Judicial Commissioner of Assam.
Birch	Colonel W. B.	Police	District Superintendent, Bancoorah.
Bivar	Lieut. Col. H. S.	Judicial	Officiating Judicial Commissioner, Assam.
Blathwayt	Captain H.	Revenue and Judicial	Assistant Commissioner, Seebsaugor.
Boddam	Lieut. Col. H.	ditto	Deputy Commissioner, Hazareebaugh.
Bowie	Captain G. M.	Police	District Superintendent of Police, Nuddea.
Boyd	Lieut. M. O.	Revenue and Judicial	Assistant Commissioner, Khassia.
Burn	Major J.	Court of Wards	Manager of Estate of the Minor Rajah of Durbangah.
Butler	Lieut. J.	Revenue and Judicial	Officiating Deputy Commissioner, Naga Hills.
Buttanshaw	Major T.	Police	District Superintendent of Police, Beerbhom.
Campbell	Major A. E.	Revenue and Judicial	Deputy Commissioner, Seebsaugor.
Clarke	Captain W. S. C.	ditto	ditto - ditto - Luckimpore.
Comber	Major A. K.	ditto	ditto - ditto - Durrung.
Dalton	Colonel E. F.	ditto	Commissioner, Chota Nagpore.
Daunt	Captain J. C. C.	Police	District Superintendent of Police, Lohardugger.
Davies	Colonel J. S.	Judicial	Medical Commissioner, Chota Nagpore.
Davis	Captain R. P.	Police	District Superintendent of Police, Chumparun.
Eckford	Captain A. H.	Judicial	Cantonment Magistrate and Small Cause Court Judge, Barrackpore.
Emerson	Lieut. Col. J.	ditto	Cantonment Magistrate, Dinapore.
Fagan	Major W. J.	Police	District Superintendent of Police, Rajeshahye.
Garbett	Lieut. C. H.	Revenue and Judicial	Assistant Commissioner, Maunbhoom.
Gordon	Major W. R.	Police	Deputy Inspector General, Lower Provinces.
Gordon	Major W	Ditto	District Superintendent of Police, Pubna.
Graham	Major J. M.	Ditto	Deputy Commissioner of Police, Calcutta.
Grey	Lieut. L. J. H.	Revenue and Judicial	Assistant Commissioner, Lohardugger.
Haughton	Colonel J. C.	ditto	Commissioner and Judge of Cooch Behar.
Hitchins	Major C. T.	Police	District Superintendent of Police, Hazareebaugh.
Hopkinson	Colonel H.	Revenue and Judicial	Commissioner of Assam.
Hopkinson	Captain W.	ditto	Assistant Commissioner, Hazareebaugh.
Hume	Captain W. W.	Police	District Superintendent of Police, Luckimpore.
Johnstone	Captain J.	Political	Special Assistant to Superintendent of Tributary Mehals.
Knyvett	Captain W. L. N.	Police	District Superintendent of Police, Moorshedabad.
Lamb	Major J.	Revenue and Judicial	Deputy Commissioner, Kamross
Lance	Major W. H. J.	ditto	Assistant Commissioner, Darjeeling.
La Touche	Captain E. A. D.	ditto	ditto - ditto - - Zillah.
Laurell	Captain H.	ditto	Superintendent, Preventive Department.
Lawrence	Lieut. W. A.	ditto	Officiating Assistant Commissioner, Debrooghur.
Lavers	Captain A.	ditto	Assistant Commissioner, Hazareebaugh.
Lewin	Captain T. H.	ditto	Deputy Commissioner, Hill Tracts, Chittagong.
Lillington	Lieut. E G.	ditto	Assistant Commissioner, Lohardugger.
Lewis	Captain N.	ditto	ditto - ditto - - Hazareebaugh.
Maitland	Captain W. G.	ditto	Assistant Commissioner, Seebsaugor.
Michell	Captain T. B.	ditto	ditto - ditto - - Nowgong.
Money	Captain R. C.	ditto	Deputy Commissioner, Julpigoree.
Morton	Major B. W.	ditto	ditto - ditto - - Darjeeling.
Osborn	Captain R. D.	Court of Wards	Tutor to Paikparah Wards.
Parsons	Major A. D.	Police	Officiating District Superintendent of Police, Rajeshahye.
Paterson	Lieut. Col. A. H.	ditto	Deputy Inspector General of Police, Calcutta.
Peet	Captain H. J.	Revenue and Judicial	Assistant Commissioner, Seebsaugor.
Phillips	Captain A. A.	ditto	ditto - - ditto - - ditto.
Pughe	Colonel J. R.	Police	Inspector General of Police, Lower Provinces.
Raban	Lieut Col H.	Revenue and Judicial	Deputy Commissioner, Khassia Hills.
Ramsay	Captain H. M.	Police	District Superintendent of Police, Sarum.
Rowlatt	Colonel A.	Revenue and Judicial	Deputy Commissioner, Maubhoom.
Rutherford	Captain W. E.	ditto	Assistant Commissioner, Luckinpore.
Samuells	Captain W. L.	Revenue and Judicial	Assistant Commissioner, Chota Nagpore.
Sherer	Major J F.	ditto	Deputy Commissioner, Nowgong.
Skinner	Captain R. M.	Police	District Superintendent of Police, Tirhoot.
Stewart	Major R.	Revenue and Judicial	Deputy Commissioner, Gowalpara.

BENGAL.—RETURN showing Military Officers on Civil Employment—*continued.*

NAME.		DEPARTMENT.	APPOINTMENT.
Thornhill	Colonel A. R.	Political	Officiating Agent to Governor General, Moorshedabad.
Trotter	Lieut. W. F.	Police	Officiating District Superintendent, Zillah Durrung.
Walcott	Capt. E. Y.	ditto	Assistant Commissioner, Lohardugga.
Waller	Capt. H. E.	ditto	District Superintendent of Police, Mongbyr.
Wilkinson	Capt. A. R.	ditto	Personal Assistant to Inspector General of Police, Lower Provinces.
Williamson	Lieut. W. J.	Revenue and Judicial	Deputy Commissioner, Garrow Hills.
Wimberley	Lieut. R. J.	Police	District Superintendent of Police, Sylhet.
Wintle	Lt. Col. E. H. C.	Revenue and Judicial	Cantonment Magistrate and Judge, Small Cause Court, Dum-Dum.
Wynch	Major H. P.	Police	District Superintendent of Police, Purneah.

NORTH WESTERN PROVINCES.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

NAME.		DEPARTMENT.	APPOINTMENT.
Bramley	Major A. H.	Police	District Superintendent of Police, Saharumpore.
Butler	Lieut. F. W.	ditto	Officiating Superintendent of Police, Mirzapore.
Cadell	Major R.	ditto	District Superintendent of Police, Futtehgurh.
Campbell	Captain J. G.	Forests	Assistant Conservator of Forests.
Cantor	Captain C. H.	Police	District Superintendent of Police, Ajmere.
Chalmers	Captain C. J.	Judicial	Cantonment Magistrate, Jhansi.
Chamberlain	Lieut. Col. T. H.	ditto	Cantonment Magistrate, and Judge Small Cause Court, Ranee Khet.
Chatterton	Captain F. W.	Revenue and Judicial	Officiating Junior Assistant Commissioner, Kumaón.
Clarke	Captain H. M. S.	Police	Officiating Assistant Inspector General, Government Railway Police, Jubbulpore Line.
Cookson	Colonel G. R.	Judicial	Cantonment Magistrate, Meerut.
Corbett	Major A. F.	Police	District Superintendent of Police, Budaon.
Dalmahoy	Captain P. C.	ditto	Assistant Inspector General, Government Railway Police, East India Railway, Allahabad.
Davidson	Lieut. Col. A. G.	Revenue	Deputy Commissioner, Ajmere.
Davidson	Lieut. Col. J.	ditto	ditto - ditto - Lillutpoor.
Davis	Lieut. Col. W.	Police	Deputy Inspector General of Police.
Dennehy	Captain T.	ditto	District Superintendent of Police, Moradabad.
Dodd	Captain C. A.	ditto	ditto - - ditto - ditto, and Officiating Curator of Government Books.
Dunbar	Major F. W.	ditto	District Superintendent of Police, Meerut.
Earle	Lt. Col. F. C. S.	ditto	ditto - - ditto - ditto - Bareilly.
Fagan	Captain H. C.	ditto	Officiating Superintendent of Police, Jounpore.
Fisher	Major J.	Revenue and Judicial	Senior Assistant Commissioner, Guebwal.
Frazer	Major Hon. Wm.	Police	District Superintendent of Police, Humeerpore.
Garden	Major W. A.	Education	Inspector of Schools, Kumaon Circle.
Garstin	Capt. C. J.	Revenue and Judicial	Assistant Commissioner, Nynee Tal.
Gibbs	Lieut. Col. J. G.	Judicial	Officiating Cantonment Magistrate, and Judge Small Cause Court, Meerut.
Graham	Capt. G. F. L.	Police	District Superintendent of Police, Benares.
Hallett	Lieut. Col. C. T.	ditto	ditto - - ditto - ditto - Allygurh.
Hanmer	Lieut. Col. F. H.	Judicial	Canton Magistrate, and Judge Small Cause Court, Allahabad.
Harrison	Major A. G.	Police	District Superintendent of Police, Boolundshuhur.
Haywood	Captain W. W.	ditto	Assistant District Superintendent of Police.
Louis	Captain W.	ditto	Officiating District Superintendent of Police, Etah.
Lassalle	Captain J. H.	Revenue and Judicial	Assistant Commissioner, Ajmere.
Liston	Captain J.	ditto	- ditto - - ditto - Jhansie.
Lloyd	Colonel B. P.	ditto	Commissioner of the Jhansie Division.

NORTH WESTERN PROVINCES.—RETURN showing Military Officers on Civil Employment—*contd.*

NAME.		DEPARTMENT.	APPOINTMENT.
Matthews	Captain C. R.	Revenue and Judicial	Assistant Commissioner, Jhansie
M'Grigor	Major W. T	Judicial	Cantonment Magistrate, Benares.
Murray	Captain J.	Forests	Assistant Conservator of Forests, Debra Deen.
Nelson	Captain H.	Police	District Superintendent of Police, Jhansie.
Noble	Captain H. N.	ditto	ditto - - - ditto - - Jhansie.
O'Dowda	Captain J. W.	ditto	ditto - - - ditto - - Ghazeepore.
Ollivant	Captain A.	ditto	ditto - - - ditto - - Moozuffernuggur.
Orman	Major C. E.	Judicial	Cantonment Magistrate, Roorkee.
Pearson	Major G. F.	Forests	Conservator of Forests.
Prinsep	Major H. A.	Judicial	Cantonment Magistrate, Agra.
Quin	Captain T. J.	Revenue and Judicial	Officiating Assistant Commissioner, Ajmere.
Ramsay	Colonel H.	ditto - ditto	Commissioner, Kumaon.
Reade	Captain G. E.	ditto - ditto	Junior Assistant Commissioner, Kumaon.
Repton	Captain H. M.	ditto - ditto	Assistant Commissioner, Ajmere
Ryves	Lieutenant T. J.	Police	Officiating District Superintendent of Police, Shahjehanpore.
Sanderson	Captain H. B.	Revenue	Superintendent Cantonment, Abkaree, Cawnpore.
Senior	Captain H. W. J.	Police	Officiating Adjutant, Ajmere and Mhairwana Police Battalion.
Shuttleworth	Captain C.	Judicial	Cantonment Magistrate, Nusseerabad, and Judge, Small Cause Court.
Swiney	Lieut. Col. G.	Police	District Superintendent, Jaloun.
Temple	Captain E.	Political	Assistant Political Agent, and Cantonment Magistrate, Bundeland.
Ternan	Colonel A. H.	Revenue	Deputy Commissioner, Jaloun.
Tyrwhitt	Lieut. Col. E.	Police	Deputy Inspector General of Police.
Unwin	Lieut Col. R.	Judicial	Cantonment Magistrate, Bareilly
Wavell	Captain L.	Survey	Probationary Assistant Superintendent, Bareilly.
Wheeler	Captain F.	Judicial	Officiating Cantonment Magistrate, Jhansie.
Wheeler	Major G.	ditto	Cantonment Magistrate, Chukrata.
Wiggens	Captain F. E.	Police	District Superintendent of Police.
Young	Lieut. R. J.	ditto	ditto - - ditto - - - Futtehpore.

PUNJAUB.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT.

NAME.		DEPARTMENT.	APPOINTMENT.
Armstrong	Captain C. E.	Judicial	Judge, Small Cause Court, Loodiana.
Babbage	Lieut. Col. H. P.	Revenue and Judicial	Deputy Commissioners, Mooltan.
Baillie	Lieut. Col. J. C. P.	Police	Officiating Deputy Inspector General of Police, Umballa Circle.
Bamfield	Lieut. Col. A. H.	ditto	District Superintendent of Police, Jhelum.
Bartholomew	Lieutenant R.	Revenue and Judical	Assistant Commissioner, Bunnow.
Batchelor	Major C.	Forests	Deputy Conservator of Forests, Sutlej Division.
Beadon	Captain C.	Revenue and Judicial	Assistant Commissioner, Simla.
Bean	Lieut Col. J. W. F.	Judicial	Cantonment Magistrate, Rawul Pindee.
Beckett	Captain S.	Political	Assistant Political Agent and Superintendent, Bhaweelpore.
Birch	Major F. M.	Revenue and Judicial	Assistant Commissioner, Umritsur.
Black	Lieut. Col. S.	Military	Secretary to Government, Military Department.
Boddam	Captain W. W.	Police	District Superintendent of Police, Loodiana.
Bristow	Lieut. Col. J. W.	Revenue and Judicial	Officiating Commissioner, Hissar.

PUNJAUB—RETURN showing Military Officers on Civil Employment—*continued.*

NAME.	DEPARTMENT.	APPOINTMENT.
Cavagnari - Captain P. L. N.	Revenue and Judicial	Assistant Commissioner, Kohat.
Conolly - Lieutenant E. R.	ditto	ditto - ditto - Goordaspore.
Conolly - Captain F. H.	Police	District Superintendent of Police, Shahpore.
Corbyn - Captain C.	Revenue and Judicial	Officiating Deputy Commissioner, Shahpore.
Coxe - Lieut.Col. H.W.H.	ditto	Commissioner, Jullwadhur Division.
Cracroft - Lieut. Col. J. E.	ditto	Commissioner, Derajat Division.
Cripps - Colonel J. M.	ditto	Deputy Commissioner, Goorgaon District.
Crutchley - Major R. J. L.	Judicial	Cantonment Magistrate, Ferozepore.
Davies - Major W. G.	Revenue and Judicial	Deputy Commissioner, Shahpore.
Dwyer - Lieut. Col. H. A.	ditto	ditto - ditto - Huzara.
Elliot - Lieut. Col. W. R.	ditto	ditto - ditto - Gograuwala.
Elwyn - Lieut. Col. W.	Judicial	Cantonment Magistrate, Peshawur.
Ewart - Captain C.	Police	District Superintendent of Police, Umballa.
Farrington - Col. O. J. M. L.	Revenue and Judicial	Commissioner, Lahore Division.
Fendall - Lieut. Col. J.	ditto	Deputy Commissioner, Moozuffergurh.
Ferris - Lieut.Col. R.J.D.	ditto	Assistant Commissioner, Mooltan.
Forster - Major T. F.	Revenue	Deputy Commissioner, Hissar.
Goldney - Captain A.	Police	District Superintendent of Police, Kangra.
Graham - Colonel S.	Revenue and Judicial	Officiating Commissioner, Derajat.
Grey - Captain L. J. H.	ditto	Assistant Commissioner, Rohtuck.
Gurdon - Captain E.	ditto	ditto - ditto - Shahpoor.
Hall - Major C. H.	ditto	Deputy Commissioner, Rawul Pindee.
Hampton - Captain W. A.	Marine	Superintendent, Government Steam Flotilla.
Harcourt - Captain A. F. P.	Revenue and Judicial	Assistant Commissioner, Kangra.
Hare - Captain R. J.	ditto	ditto - ditto - Montgomery.
Harington - Captain F.	ditto	Deputy Commissioner, Googerat.
Harris - Major P.	Police	Superintendent, Government Railway Police.
Hastings - Captain E. G.	Revenue	Settlement Officer, Peshawur.
Hawes - Major H. G.	Revenue and Judicial	Deputy Commissioner, Loodianah.
Holroyd - Captain W. R. M.	Education	Director of Public Instruction.
Horsford - Capt. C. E. O. B.	Police	District Superintendent of Police, Delhi.
Hutchinson - Lieut. Col. G.	ditto	Inspector General of Police.
Hutchinson - Lieutenant J. B.	Revenue and Judicial	Assistant Commissioner, Goordaspore.
Jenkins - Lieut. Col. C. V.	ditto	ditto - ditto - Sealkote.
Johnstone - Captain W. H.	ditto	ditto - ditto - Bunnoo.
Lambert - Captain E. A. C.	Judicial	Cantonment Magistrate, Umballa.
Lane - Major W. M.	Post Office	Postmaster General, Punjab.
Lang - Lieut. R. T. M.	Revenue and Judicial	Officiating Deputy Commissioner, Kangra.
Lawrence - Lieut. H. J.	ditto	Assistant Commissioner, Umballa.
Macaulay - Captain C. E.	ditto	ditto - ditto - Peshawur.
Macpherson - Lieutenant S. E.	ditto	ditto - ditto - Peshawur.
Marshall - Captain T.	ditto	ditto - ditto - Lahore.
Massy - Lieutenant G. F.	ditto	ditto - ditto - Kohat.
Maxwell - Lieut. Col. P.	ditto	Deputy Commissioner, Loodianah.
McAndrew - Lieut. Col. G.	Police	Deputy Inspector General of Police, Umballa Circle.
McLean - Captain C. S	Military	Officiating Military Secretary.
McMahon - Major C. A.	Revenue and Judicial	Deputy Commissioner, Delhi.
McNeile - Captain C.	ditto	Assistant Commissioner, Kangra.
Menzies - Captain O.	Police	District Superintendent of Police, Peshawur.
Mercer - Lieut. Col. T. W.	Revenue and Judicial	Officiating Commissioner, Jallundar.
Millar - Major F. I.	ditto	Assistant Commissioner, Goordaspoor.
Millar - Lieut. Col. J. C.	Judicial	Cantonment Magistrate, Jullundar.
Miller - Lieut. Col. H. N.	Police	Deputy Inspector General of Police, Rawul Pindee.
Miller - Captain M.	ditto	Deputy Superintendent of Police, Rohtuck.
Millett - Captain M.	ditto	Officiating Superintendent of Police, Lahore.
Minchin - Major C. C.	Political	Political Agent and Superintendent of Bhawulpore.
Montgomery - Lieut. J. A. L.	Revenue and Judicial	Assistant Commissioner, Jullundar.
Munro - Major A. A.	ditto	Deputy Commissioner, Kohal.
Napier - Lieut. Hon. G. G.	ditto	Assistant Commissioner, Peshawur.
Newbery - Captain E.	Police	Assistant to Inspector General of Police.
Nicholetts - Lieutenant R. C.	ditto	District Superintendent of Police, Sirsa, and Officiating Cantonment Magistrate, Mooltan.

PUNJAUB—Return showing Military Officers on Civil Employment—*continued.*

Name.		Department.	Appointment.
Nisbet	Captain R. P.	Revenue and Judicial	Assistant Commissioner, Rawul Pindee.
Norgate	Lieut. Col. T. T.	Judicial	Cantonment Magistrate, Sealkote.
Ommaney	Captain E. L.	Revenue and Judicial	Assistant Commissioner, Peshawur.
Orchard	Major J. W.	Police	District Superintendent of Police, Kurnau
Parker	Lieut. Col. E. N.	Police	ditto ditto Loodianah.
Parsons	Major J. E. B.	Revenue and Judicial	Deputy Commissioner, Jung.
Paske	Lieut. Col. E. S.	ditto	ditto Kangra.
Paske	Lieut. Col. W.	ditto	Assistant Commissioner, Googramwala.
Perkins	Lieut. Col. E. N.	Police	District Superintendent of Police, Loodianah.
Plowden	Captain T. J. C.	Revenue and Judicial	Assistant Commissioner, Kohat.
Pollock	Lieut. Col. F. R.	ditto	Commissioner, Peshâwur Division.
Ramsay	Captain M.	Police	District Superintendent of Police, Rawul Pindee.
Reid	Lieut. Col. B. T.	Political	Superintendent of Chumba.
Riddell	Captain H. V.	Revenue and Judicial	Assistant Commissioner, Umballa.
Roberts	Lieutenant A. S.	ditto	ditto ditto Goojerat.
Sandeman	Captain R. G.	Revenue and Judicial	Assistant Commissioner, Dera Ghazi Khan.
Sewell	Captain R. M.	Police	Officiating District Superintendent of Police, Jullundar.
Shortt	Major J. R. G. G.	Revenue and Judicial	Deputy Commissioner, Jullundar.
Smyly	Colonel J. W.	ditto	ditto ditto Goojerat.
Staples	Lieut. Col. T.	Police	District Superintendent of Police, Sealkote.
Stewart	Captain A.	Judicial	Cantonment Magistrate, Meean Meer.
Tait	Captain J. S.	Police	District Superintendent of Police, Jullundur.
Taylor	Major Gen. R. G.	Revenue and Judicial	Commissioner, Umritsir Division.
Tighe	Major J. S.	ditto	Deputy Commissioner, Umballa.
Tronson	Colonel R. N.	Police	District Superintendent of Police, Mooltan.
Tucker	Captain L. H. E.	ditto	Officiating Superintendent of Police, Ferozepore.
Urmston	Major H. B.	Revenue	Officiating Commissioner, Rawul Pindee.
Wace	Captain E. G.	Revenue	Settlement Officer, Hazara.
Wall	Major R. H.	Police	District Superintendent of Police, Mooltan.
Warburton	Lieutenant R.	Revenue and Judicial	Assistant Commissioner, Hazara.
Waterfield	Captain W. G.	ditto	Deputy Commissioner, Peshawur.
Wood	Lieutenant H. N.	ditto	Assistant Commissioner, Dera.
Young	Lieut. Col. R.	ditto	Deputy Commissioner, Goordaspore.
Younghusband	Lieut. Col. J. W.	Police	Deputy Inspector General of Police, Lahore Circle.

MADRAS.

RETURN showing Military Officers on Civil Employment.

Name.		Department.	Appointment.
Balmer	Captain A.	Police	Superintendent of Police, Coimbatore.
Barber	Major W.	Survey	Deputy Superintendent, Revenue Survey.
Bairnsfather	Lieutenant H. W.	Police	Probationary Assistant Superintendent of Police, Madura.
Bayley	Lieutenant W. C.	ditto	Assistant Superintendent of Police, Tinnevelly.
Baynes	Captain C. D.	Survey	First Assistant Superintendent, Revenue Survey.
Beatty	Captain R.	Police	Assistant Superintendent of Police, Salem.
Beauchamp	Captain G. E. H.	Gaols	Acting Superintendent Central Gaol, Rajahmundry.
Beddome	Major R. H.	Forest	Conservator of Forests.
Bird	Captain H. W.	Judicial	Cantonment Magistrate, Trichinopoly.

MADRAS—RETURN showing Military Officers on Civil Employment—*continued.*

NAME.		DEPARTMENT.	APPOINTMENT.
Blair	Captain H. W.	Police	Assistant Superintendent of Police, Kurnool.
Bloomfield	Captain A. F. F.	Gaols	Superintendent of Central Gaol, Salem.
Blaxland	Lieutenant J. S.	Police	Probationary Superintendent of Police, Jeypore.
Briggs	Captain G.	Judicial	Cantonment Magistrate, Cannanore.
Briggs	Lieutenant R. G.	Police	Assistant Superintendent of Police, Bellary.
Cadell	Colonel R.	ditto	Superintendent of Stationery.
Caulfield	Captain St. G.	ditto	Assistant Superintendent of Police, Coimbatore.
Chrystie	Captain G.	ditto	Acting Superintendent of Police, South Canara.
Clay	Captain A. O. H.	Survey	Acting Deputy Superintendent, Revenue Survey.
Clementson	Major C. D.	Judicial	Cantonment Magistrate, Poonamallee.
Clerk	Lieutenant R. M.	Survey	Second Assistant Superintendent, Revenue Survey.
Cloete	Captain J. G.	Survey	Acting Deputy Superintendent, Revenue Survey.
Cloete	Major H. D.	Police	Deputy Inspector General of Police, Western Range.
Coningham	Captain H. E.	ditto	Acting Superintendent of Police, South Malabar.
Cooper	Lieutenant G. C.	ditto	Assistant Superintendent of Police, Kristna.
Court	Captain H. S.	ditto	Acting Superintendent of Police, Tanjore.
Cox	Captain H. W. H.	ditto	- ditto - - - ditto - - North Arcot.
Crewe	Lieut. Col. W.	Survey	Deputy Superintendent, Revenue Survey.
Cunliffe	Captain R. H.	Police	Superintendent of Police, Chingleput.
Dalrymple	Lieutenant R. G. E.	Political	Acting Assistant Resident, Travancore.
Davies	Major A. M.	Police	Superintendent of Police, Coimbatore.
Davies	Major A. M.	ditto	- ditto - ditto - South Malabar.
Doveton	Lieut. Col. J. H.	Political	British Consular Agent, Pondicherry.
Drever	Major W. S.	Police	Commissioner of Police, Madras.
Elliot	Lieut. Col. C. S.	Military	Deputy Military Secretary to Government.
Fischer	Captain H. B.	Political	British Consular Agent, Karikal.
Fordyce	Colonel C. F.	ditto	Private Secretary to Governor of Madras.
Francklyne	Lieut. W. H. M.	Survey	Second Assistant Superintendent, Revenue Survey.
Frazer	Captain W. M.	Police	Superintendent of Police, Vizagapatam.
Freeth	Captain W.	Survey	First Assistant Superintendent, Revenue Survey.
Galbraith	Major S.	Police	Superintendent of Nellore Police.
Gordon	Captain C.	ditto	Superintendent of Police, North Arcot.
Gosling	Captain H. M.	Forests	Deputy Conservator of Forests.
Guthrie	Captain T. K.	Police	Superintendent of Police, Madura.
Hallett	Lieutenant W. H.	Gaols	Acting Superintendent of Central Gaol, Salem.
Hamilton	Colonel D.	ditto	On special duty exploring Hill Ranges.
Hankin	Major E. L.	Judicial	Joint Magistrate, Ootacamund.
Hay	Captain W.	Political	Assistant Resident, Travancore.
Harris	Captain C. J. B.	Police	Assistant Superintendent of Police, Salem.
Hearn	Major C. S.	ditto	Inspector General of Police.
Heming	Lieutenant D.	ditto	Acting Superintendent of Police, Godavery.
Henegan	Lieut. Col. R.G F.	- - - -	In charge of Stationery Office.
Hessey	Major W. H.	Survey	Deputy Superintendent, Revenue Survey.
Hewetson	Lieutenant C. C.	Judicial	Cantonment Magistrate, Palaveram.
Hicks	Captain F. J.	Police	Superintendent of Police, Kurnool.
Highmoor	Captain C. L.	ditto	Superintendent of Police, Bellary.
Hodges	Captain W. H.	ditto	- ditto - - ditto - Trichinopoly.
Hodgson	Lieutenant R. G.	ditto	Assistant Superintendent of Police, North Malabar.
Hornsby	Lieut. A. W. H.	ditto	Acting Assistant Superintendent of Police, Vizagapatam.
Hoskins	Captain W. H.	ditto	Acting Superintendent of Police, Kristna.
Hole	Captain F.	ditto	Assistant Superintendent of Police, South Malabar.
Jenkins	Captain R. G.	ditto	Probationary Superintendent of Police, South Canara.
Kilgour	Captain F.	Police	Probationary Assistant Superintendent of Police, South Arcot.
Lane	Major T. G. M.	Police	Telegee Translator to Government.
Liardet	Captain C. A.	Survey	Assistant Superintendent, Revenue Survey.
Lys	Captain A. M.	Police	Acting Superintendent of Police, Ganjam.
Macdonald	Major R. M.	Registration	Inspector General of Registration.
Macdougall	Captain J.	Judicial	Acting Cantonment Magistrate, Bellary.
McLeod	Captain W. S.	Gaols	Superintendent of Central Gaol, Vellore.

MADRAS.—RETURN showing Military Officers on Civil Employment—*continued.*

NAME.		DEPARTMENT.	APPOINTMENT.
M'Mullen	Captain J.	Judicial	Cantonment Magistrate, Poonamallee
Mitchell	Captain J.	Education	Superintendent Government Central Museum.
Morgan	Lieut. Col. H. R.	Forests	Deputy Conservator of Forests, Moodmallay.
Morris	Captain C. C.	Police	Acting Assistant Superintendent of Police, Ganjam.
Neill	Captain C. B. S.	Gaol	Superintendent of Central Gaol, Cannamore.
Oakes	Lieutenant G. H.	Judicial	Cantonment Magistrate, Bellary.
Ogilvie	Lieutenant H. R.	Police	Probationary Assistant Superintendent of Police, Coimbatore
Pickance	Lieutenant W. J.	ditto	Probationary Assistant Superintendent of Police, Gunton.
Porteous	Lieutenant J. E.	ditto	Acting Assistant Superintendent of Police, Maduora.
Porteous	Captain C. A.	ditto	Superintendent of Police, Tinnevelly.
Price	Lieutenant T.	ditto	Acting Assistant Superintendent of Police, North Arcot.
Priestley	Lieut. Col. F. J. B.	Survey	Superintendent, Revenue Survey.
Richards	Captain C. J.	Judicial	Cantonment Magistrate, Wellington.
Robertson	Captain W.	Police	Assistant Inspector General of Police.
Robertson	Captain W.	ditto	Superintendent of Police, Godavery.
Rolland	Captain T. A.	ditto	Superintendent of Police, Tanjore.
Serjeant	Captain C. C.	Survey	Second Assistant Superintendent, Revenue Survey.
Sheffield	Captain R. W.	Police	Assistant Superintendent of Police, Vizagapatam.
Silver	Colonel A. C.	Military	Acting Military Secretary to Government.
Smith	Lieutenant J. M'D	Revenue and Judicial	Acting Junior Assistant and Agent in Ganjam.
Stuart	Brevet Major R. A. W. C.	Police	Deputy Inspector General of Police, Central Range.
Stuart	Captain C. J.	Revenue	Assistant Director, Revenue Settlement, Kurnool.
Swanston	Major W. O.	Police	Deputy Inspector General of Police, Southern Range.
Tennant	Captain T. B. C.	ditto	- - ditto - - - ditto - - Northern Range.
Tillard	Lieutenant G. H.	ditto	Assistant Superintendent of Police, Nellore.
Thompson	Captain F. H.	Survey	Probationary Assistant Superintendent, Revenue Survey.
Trotman	Lieutenant C. A.	Police	Assistant Superintendent of Police, Tinnevelly.
Walker	Lieutenant C. J.	Forest	Deputy Conservator of Forests, Madura and Tinnevelly.
Walters	Captain R. A.	Gaol	Superintendent of Central Gaol, Trichinopoly.
Warlow	Captain J. P.	Police	Acting Superintendent of Police, Salem.
Weldon	Major T.	ditto	Magistrate, Royapettah Police.
Whitlock	Captain C. J. T.	ditto	Assistant Superintendent of Police, Godavery.
Wilde	Major General Sir A. T.	Military	Secretary to Government in Military Department.
Wilson	Lieut. Col. R. S.	Political	Government Agent and Paymaster of Carnatic Stipends
Wilson	Lieut. Col. W. J.	Gaols	Inspector General of Gaols.
Wilson	Colonel R. S.	ditto	Persian and Hindustani Translator to Government.
Wright	Lieutenant W. F.	ditto	Tamil Translator to Government.
Wilton	Lieutenant W. H. St. A.	Police	Assistant Superintendent of Police, Ganjam.
Young	Lieutenant J. H. B.	ditto	Probationary Superintendent of Police, South Arcot.
Young	Lieutenant J. H. B.	ditto	Assistant Superintendent of Police, Nellore.

BOMBAY.

RETURN showing MILITARY OFFICERS on CIVIL EMPLOYMENT

NAME.		DEPARTMENT.	APPOINTMENT.
Anderson	Captain W. W.	Political	Political Agent, Kattywar.
Anderson	Colonel G. S. A.	ditto	ditto Kolapore.
Barr	Colonel J. T.	ditto	Resident, Baroda.
Bartholomew	Captain F. P.	Police	District Superintendent of Police, Kulladghee.
Barton	Major L. C.	Political	Political Agent, Rewa Kanta.
Baugh	Lieutenant C. F.	Police	Acting District Superintendent, Punch Mahal.
Bell	Colonel H. W. B.	Finance	Officiating Mint Master.
Birdwood	Captain G F.	Police	Assistant Superintendent of Police, Kandeish, and Acting District Superintendent of Police, Surat.
Black	Lieut. Col. J.	Political	Political Agent, Mahe Kanta.
Boulton	Captain C. F.	Revenue and Judicial	Assistant Collector, Hydrabad.
Coles	Major T. G.	Police	Deputy Superintendent of Police, Tanna.
Cotton Way	Major A.	Political	Acting Political Agent, Muscat.
Daniell	Captain H. S.	Police	District Superintendent of Police, Ahmednugger.
Disbrowe	Lieut. Col. H	Political	Political Superintendent, Paklunpoor.
Doig	Captain A. J.	Revenue	Deputy Settlement Officer, Sind, Right Bank District.
Drummond	Lieut. G. R. B.	Police	Acting Superintendent of Police, Ahmedabad.
Dunsterville	Major L.	Revenue and Judicial	Registrar of Kurrachee, and Acting Collector, Kurrachee.
Etheridge	Lieut. Col. A. T.	Revenue	Alienation Settlement Officer.
Evezard	Lieut. Col. G. C.	Judicial	Cantonment Magistrate, Poona.
Fisher	Captain C. E.	Revenue	Deputy Settlement Officer, Sind, Left Bank District.
Forteath	Captain F. P.	Judicial	Cantonment Magistrate, Aden.
Francis	Lieut. Col. J.	Revenue	Survey and Settlement Commissioner, North Division.
Gillmor	Captain J. G.	ditto	Superintendent, Abkaree Bhoog.
Goodfellow	Captain G. R.	Political	First Assistant to Resident, Aden.
Grant	Captain G. C.	Judicial	District Judge, and Sessions Judge, Hydrabad.
Haig	Major M. R.	Revenue	Settlement Officer, Sind, Right Bank District.
Harpur	Major J.	Police	District Superintendent of Police, Sattara.
Harrison	Captain C. H.	Political	Political Agent, Khelat.
Hathway	Lieut. Col. H. R.	Judicial	Cantonment Magistrate, Deesa.
Henderson	Lieut. Col. J. H.	Police	District Superintendent of Police, Poona.
Hoskins	Captain A. R.	ditto	Officiating Deputy Secretary to Government.
Iredell	Captain F. S.	Judicial	Assistant Cantonment Magistrate, Poona.
Johnstone	Major R.	Police	District Superintendent of Police, Ratnagin.
Jones	Lieut. Col. W. S.	Judicial	Cantonment Magistrate, Ahmednugger.
La Touche	Captain W. P.	Police	District Superintendent of Police, Kaira.
Laughton	Major G. A.	Survey	Superintendent, Bombay Revenue Survey.
Law	Lieut. Col. S. C.	Political	First Political Agent, Kattywar, and Acting Political Agent, Kutch.
Le Geyt	Major P. H.	ditto	Second Political Agent, Kattywar, and Acting Political Agent, Kutch.
Macdonald	Lieut. Col. J. A. M.		Secretary to Government.
Marston	Colonel E.	Police	District Superintendent of Police, Kurrachee.
Mason	Major W. H.	Judicial	Cantonment Magistrate, Belgaum.
Mayhew	Lieutenant T.	Revenue and Judicial	Assistant Collector, Hydrabad.
Mayhew	Lieutenant A. H.	Political	Acting Deputy Political Superintendent, Thur and Parker.
Mayne	Captain R. G.		Private Secretary to Governor of Bombay.
Merewether	Colonel Sir W. L.		Commissioner in Sind.
Nutt	Captain H. L.	Political	Acting Political Assistant, Kattywar.
Parr	Lieut. Col. W. C.	ditto	Acting Superintendent to his Highness the Guicowars' Contingent.
Pelly	Lieut. Col. L.	ditto	Political Resident, Persian Gulf.
Peyton	Major W.	Forests	Deputy Conservator of Forests, Southern Division.

BOMBAY.—RETURN showing Military Officers on Civil Employment—*continued.*

NAME.		DEPARTMENT.	APPOINTMENT.
Phayre	Colonel R.	Political	Political Superintendant, Frontier Districts, Upper Sind.
Phillips	Captain A. M.	ditto	Assistant to Political Agent, Mahe Kanta.
Phillips	Lieut. Col. F.	Revenue and Judicial	Collector, Hydrabad.
Portman	Lieutenant A. B.	Police	District Superintendent of Police, Colaba
Prideaux	Lieutenant W. F.	Political	Assistant to the Resident, Aden.
Probyn	Captain O.	Police	Superintendent of Police, Kandeish.
Reeves	Captain H. N.	ditto	ditto - - ditto - Baroda.
Segrave	Captain F. H.	ditto	ditto - - ditto - Ahmedabad.
Scott	Major J.	ditto	District Superintendent of Police, Surat.
Smith	Captain S. A.	Political	Assistant to Political Resident, Persian Gulf.
Salmon	Captain W. A.	ditto	Assistant to Political Agent, Kattywar.
Southey	Lieut. Col. W.	Judicial	Judge, Small Cause Court, Kurrachee.
Thoyts	Major N. B.	ditto	Acting Cantonment Magistrate, Kurrachee
Taverner	Major E. L.	Revenue	Settlement Officer, Sind, Left Bank District.
Thompson	Colonel E.	ditto	Deputy Opium Agent, Malwa.
Tyrwhitt	Major G. B.	Political	Political Superintendent, Thur and Parker.
Tremenheere	Major Gen. C. W.	ditto	Resident, Aden.
Thomas	Lieut. Col. G. E.	Police	District Superintendent of Police, Belgaum.
Wise	Captain F.	ditto	- - ditto - - - ditto - - Canara.
Westmacott	Captain R.	ditto	Acting District Superintendent of Police, Punch Mahal.
Westropp	Major G. R. C.	Political	Assistant to Political Agent, Kolapore.
West	Captain E. W.	ditto	- - - ditto - - - ditto.
Watson	Captain J. W.	ditto	Third Assistant to Political Agent, Kattywar.
Wallace	Major R.	Revenue and Judicial	Acting Collector, Shikarpoor.
Widdicombe	Lieut. Col. W.	Judicial	Judge and Sessions Judge, Kurrachee.

THE following Appointments in the PUBLIC WORKS DEPARTMENT are held by MILITARY OFFICERS.

		India.	Madras.	Bombay.
Engineer Establishment:				
Chief Engineers	1st class	7	3	1
	2nd class	4		—
	3rd class	4		—
Superintending Engineers	1st grade	5	3	4
	2nd grade	7	3	2
	3rd grade	16	2	—
Executive Engineers	1st grade	27	12	7
	2nd grade	27	7	11
	3rd grade	22	11	8
	4th grade	28	5	12
Assistant Engineers	1st grade	21	6	15
	2nd grade	27	8	1
	3rd grade	[illegible]	–	—
Account Department		8	–	1
Railway Department		11	6	9
Irrigation Department		2	Not separately stated.	Not separately stated.
Miscellaneous appointments		–	–	6

STATEMENT showing the Total Cost to Government of POLICE in *India*, with the Deductions and Recoveries made to Exhibit the Net Charge.

(Question 5432.)

——	India.	Oudh.	Central Provinces	British Burmah.	Bengal.	North-West Provinces.	Punjab.	Madras.	Bombay.	TOTAL.
	£.	£	£.	£.	£.	£.	£.	£.	£.	£.
Total Civil Charges under the Grant for Police - - -	9,719	106,894	139,489	134,581	523,865	340,061	298,408	339,003	383,315	2,275,335
Construction and Repair of Buildings -	3	4,273	1,717	160	282	5,371	5,076	6,611	7,731	31,224
Pensions† - - -	148	2,134	3,969	102	6,106	4,193	6,104	3,174	3,751	29,681
Pensions† formerly Paid from Police Superannuation Fund -	- -	44	- -	- -	- -	1,087	74	3,850	852	5,907
TOTAL EXPENDITURE - £.	9,870	113,345	145,175	154,843	530,253	350,712	309,662	352,638	395,649	2,342,147
Recoveries and Receipts:										
From Municipalities - -	- -	10,804	9,516	- -	24,723	33,947	38,341	30,269	4,047	151,647
From Local Funds, &c. - -	- -	- -	- -	20,288	29,408	3,519	4.452	1,041	2,026	60,734
From Railway Companies -	43	- -	- -	- -	7,734	10,486	3,610	- -	3,821	25,694
Fines and Miscellaneous - -	73	395	16,509*	672	3,251	334	1,888	2,158	7,616	32,896
TOTAL RECOVERIES AND RECEIPTS - - £.	116	11,199	26,025	20,960	65,116	48,286	48,291	33,468	17,510	270,971
NET EXPENDITURE - - £.	9,754	102,146	119,150	113,883	465,137	302,426	261,371	319,170	378,139	2,071,176

* Chiefly earnings of the Thuggee reformatory at Jubbelpore.

† The charge for pensions is given approximately only.

Appendix, No. 31.

A STATEMENT of the PENSIONS and RETIRED ALLOWANCES paid in the Year 1870-71.

	£.	s.	d.
Pensions granted to Members of the Home Service and Board of Control who retired under the Regulations - - - - - - - - -	24,410	17	7
Ditto - ditto - to Members of the Home Service on the Abolition of the Commercial Charter of the East India Company in 1834 - - -	22,606	16	–
Ditto - ditto - on the Amalgamation of the East India House and Board of Control in 1858 - - - - - - - - - - -	21,762	4	9
Ditto - ditto - on the Revision of the Home Service in 1860 - -	3,866	14	4
Ditto - ditto - on a further Revision of the Home Service in 1867 - -	8,106	4	7
Ditto - ditto - to Professors, Servants, &c. on Abolition of Haileybury College in January 1858 - - - - - - - - - -	3,638	9	4
Ditto - ditto - on Abolition of the Military Seminary at Addiscombe in June 1861 - - - - - - - - - - - - -	2,285	8	4
Ditto - ditto - on Abolition of the Recruiting Staff at Edinburgh and elsewhere, and of the Depôt at Warley in June and August 1861 respectively - - - - - - - - - - - - -	1,588	10	6
Ditto - ditto - from Funds for the Widows and Families of Members of the Home Service - - - - - - - - - - -	29,141	6	2
(*Memo.*—These Funds were closed in 1860. The claims thereon are on the decrease. The corpus of the Funds, amounting to 282,734 *l.* Government 3 per Cent. Annuities, standing in the name of Trustees, will become the property of the Secretary of State for India in Council.)			
St. Helena Pensions - - - - - - - - - -	362	5	1
Uncovenanted Service of India Pensions - - - - - - - -	27,770	13	3
Compassionate and Miscellaneous Pensions (Abstract below) - - -	69,725	1	–
£.	215,264	10	11

ABSTRACT of Compassionate and Miscellaneous Pensions (above).

	£.	s.	d.
*Pensions for Distinguished Services - - - - - - - -	9,300	–	–
*Pensions for Judicial Services (under various Acts of Parliament) - -	19,800	–	–
*Pensions for Ecclesiastical Services - ditto - - - - - -	1,600	–	–
†Pensions to Families of Officers of the Indian Navy (in addition to their Pensions from the Indian Navy Fund) - - - - - - - -	1,144	3	–
Memo.—In consequence of the abolition of the Indian Navy, this charge will lapse eventually.			
Pensious to Families of Members of the Bengal Pilot Service - - -	3,109	8	1
Memo.—These Pensions also, in consequence of the gradual abolition of the Pilot Service, will lapse eventually.			
Pensions to Families of Officers killed in the Indian Mutiny (including a few killed elsewhere in discharge of their duty).	9,850	18	8
Pension to one Member of Prince of Wales' Island Establishment (abolished)	250	–	–
Subsistence Allowances to Officers dismissed the service, or of unsound mind, to Store Labourers incapacitated by accident or ill-health, and other Pensions of a miscellaneous nature - - - - - - - -	24,670	11	3
£.	69,725	1	–

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* For details, *vide* Statement on the next page.

† Lord Clive's Fund pensions are granted to families of military officers dying in the service, and these are equivalent pensions to families of the junior officers of the Indian Navy.

Appendix, No. 31.

STATEMENT of Pensions and Retired Allowances paid in the Year 1870–71—*continued.*

DETAILS of Pensions for Distinguished Services (referred to on the previous page).

(*Memo.*—With the exception of Lord Lawrence's pension, which will be continued to the eldest son or next successor to the title, all the following pensions are for life).

	£.	
Sir H. H. Lawrence, Bart. (Son of Sir A. H. Lawrence, deceased).	1,000	For services of his grandfather, the late Major General Sir Henry Lawrence, Bart., K.C.B.
Right Hon. Lord Lawrence, G.C.B., G.C.S.I.	2,000	For services in India.
Sir F. B. Outram, Bart.	1,000	For services of his father, Lieut. General Sir J. Outram, Bart., G.C.B.
Sir G. R. Clerk, K.C.B., G.C.S.I.	1,000	For services in India.
The Countess of Elgin	1,000	For services in India of the late Earl of Elgin.
Lieut. General Sir Archdale Wilson, Bart. (in chief command at Delhi).	1,000	For distinguished services.
Field Marshal Sir G. Pollock, Bart., G.C.B., G.C.S.I. (in command at the triumphant march to Cabul).	1,000	ditto.
Mrs. Nicholson (Mother of Brigadier General J. Nicholson, who died of wounds at Delhi).	500	For distinguished services of her son.
Lady Neill (Widow of Brigadier General Neill, killed at Delhi).	500	For distinguished services of her husband.
Miss M. Jacob } Sisters of the late Brigadier General J. Jacob, C.B.	150	For distinguished services of their brother.
Miss S. F. Jacob	150	
£.	9,300	

DETAILS of Pensions for Judicial Services (under various Acts of Parliament) (referred to on the previous page).

	£.
Sir R. B. M'Causland, Recorder of Singapore	800
Sir L. Peel, Chief Justice, Bengal	2,000
Sir E. Ryan „ „	2,000
Sir B. Peacock „ „	2,000
Sir J. Colvile „ „	1,500
Sir C. Jackson, Judge, High Court, Calcutta	1,500
Sir E. J. Gambier, Chief Justice, Madras	1,600
Sir C. Rawlinson „ „	1,600
Sir W. W. Burton, Puisne Judge „	1,200
Sir A. Bittleston „ „	1,200
Sir T. E. Perry, Chief Justice, Bombay	1,600
Sir W. Yardley „ „	1,600
Sir J. Arnould, Puisne Judge „	1,200
£.	19,800

DETAILS of Pensions for Ecclesiastical Services (under various Acts of Parliament), in addition to the Ecclesiastical Establishment of the Three Presidencies (referred to on the previous page).

	£.
Dr. Harding, Bishop of Bombay	800
Rev. T. Robinson, Archdeacon of Madras	800
£.	1,600

India Office, }
5 March 1872. }

T. W. Keith,
Accountant.

Appendix, No. 32.

STATEMENTS handed in by the Honourable *G. C. Talbot* on the Evidence given before the Committee on 8th March 1872.

Appendix, No. 32.

LIST OF PAPERS.

- A.—Proportion of Cost for Indian Telegraph Lines and Indo-European Lines. (Q. 963.)
- B.—Expenditure on Stationery for last five years (Q 1020)
- C.—Insurance Account—Per-centage on Losses—Total Losses—Average and Surveyors' Fees (Q. 1115.)
- D.—Steps taken to procure Anchors in 1865, and cost, and whether Anchors of same quality could not have been obtained at a cheaper rate. (Q. 1154.)
- E.—Difference between cost of Ordnance Stores from Government or from Private Firms. (Q 1239.)
- F.—Per-centage which the India Store Department, Establishment, &c, represents on Total Expenditure on Stores. (Q. 1281)

(A.)

(Question No. 963.)

COST of STORES for INDIAN TELEGRAPH and INDO-EUROPEAN DEPARTMENTS.

THE item in the Home Accounts for the year ending 31st March 1871, Telegraph Lines in India—Stores for India, 75,237 *l.* 3 *s.*, is the cost of stores and freight for Indian lines only.

The stores and freight for Indo-European telegraph amount to 2,943 *l.* 1 *s.* 10 *d.*, and are included in the charge for that Department, amounting to 26,719 *l.* 16 *s.* 10 *d.* A further sum of about 3,000 *l.* is also included in this total, on account of expenses connected with the collision of the ship "Calcutta," carrying cable for the Persian Gulf.

Gerald C. Talbot,
Director General of Stores.

India Office, 19 March 1872.

(B.)

(Question No. 1020.)

STATEMENT of EXPENDITURE on STATIONERY for the Seasons 1866-67, 1867-68, 1868-69, 1869-70, and 1870-71.

	£.
Season 1866-67	117,178
" 1867-68	32,467
" 1868-69	146,500
" 1869-70	114,000
" 1870-71	158,000

The apparent decrease in the amount expended in the Season 1867-68 is owing to certain payments made in this year not having been brought to account until 1868-69.

Gerald C. Talbot.
Director General of Stores.

India Office, 19 March 1872.

(C.)

(Question No. 1115.)

STATEMENT of LOSSES, &c., which would be covered by Marine Insurance on Government Stores shipped for India.

FOR the 10 years ending December 1871 the losses, total and partial, amounted to the following sums:—

	£.	s.	d.
Total Losses - - - - - - -	*57,235	1	1
Contributions to General Averages - - -	1,600	–	–
	58,835	1	1
Add Surveyors' Fees - - - - -	4,500	–	–
£.	63,335	1	1

Total value of Stores, 1 May 1861, to 31 March 1871 - - £. 11,008,243 8 7.

Average loss over 10 years, 11 s. 6 d. per cent.

India Office, 19 March 1872.

Gerald C. Talbot,
Director General of Stores.

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* Of this sum 36,000 *l.* fell within little more than the first twelve months.

(D.)

(Question No. 1154.)

COST of MOORING ANCHORS for *Calcutta.*

No mooring anchors were purchased or sent to Calcutta in 1868.

The only mooring anchors sent, were those at the beginning of 1865, after the cyclone of 1864.

These were obtained partly from the Admiralty, from the naval stores; and partly from Messrs. Brown and Lenox, the Admiralty contractors.

The prices paid were as follows:—

Admiralty - - - from 28 *s.* 9 *d.* to 56 *s.* 6 *d.* per cwt.
Brown and Lenox „ 30 *s.* to 57 *s.* 6 *d.* „

The Admiralty bills were not sent in until 1868 and 1869, and the price therefore not ascertained or communicated to India until that date.

Under the special circumstances of the case, anchors could not have been obtained at a cheaper rate, inasmuch as they were not procurable at all from any other source. Application was made in vain to the Conservancy Boards in London and Liverpool, and the only large anchors available were from the Admiralty, or from their contractors, who happened to have some under manufacture for the Admiralty.

The variation in the prices arises from the fact that anchors of different weights are charged at different weights per cwt.

The heaviest anchors, moreover, were ships' anchors altered for the occasion for mooring purposes.

Ships' anchors are much more highly finished and of more expensive construction than ordinary mooring anchors. For instance, under the Admiralty contract in 1865, a ship's anchor of 75 cwt. was charged 57 *s.* 6 *d.* per cwt. A mooring anchor by the same maker, would be 42 *s.* per cwt.

All anchors for India were formerly obtained from the Admiralty contractors at the Admiralty contract prices. On the alteration of system at the Admiralty, by which anchors were procured competitively, the same course was followed in the India Store Department, and the prices have been greatly reduced.

Very few anchors are now however sent to India, the demand being but limited.

India Office, 19 March 1872.

Gerald C. Talbot,
Director General of Stores.

Appendix, No. 32.

(E.)

(Question No. 1239.)

No Ordnance (guns) have been purchased by contract by the Indian Office for a very long period of time, therefore no comparison exists as to the prices charged by the trade, and by the War Office respectively.

In the case of small arms, the only instances which have occurred within the last 10 years, are as follows:—

	s.	*d.*	
Smooth-bore Muskets; contract, 1864 - - -	40	9	each.
Ditto - ditto, from War Office 1866 - -	38	3	"
Brunswick Rifles; contract 1864 - - - -	72	–	"
Ditto - ditto, War Office 1862 - - -	45	5½	"

India Office, 19 March 1872.

Gerald C. Talbot,
Director General of Stores.

(F.)

(Questions 1063 to 1082, and 1281.)

COST of STORE DEPARTMENT with relation to the EXPENDITURE on STORES.

In 1870–71, the total expenditure on stores amounted to 1,466,089 *l.*

The Establishment charges of the Store Department were, in the same year—

	£.	*s.*	*d.*
Salaries - - - - - - - - - -	19,000	–	–
Wages of labourers - - - - - - -	9,715	12	1
Fees to Surveyors, Engineers, and others -	2,731	18	10
Travelling charges - - - - - - -	2,095	17	4
Rates and taxes, police, water - - - -	717	17	5
Repairs - - - - - - - - -	1,616	6	–
Sundries, horse and cart removing refuse, &c. -	274	10	7
Supplies, coal, &c., &c., &c., patterns - -	2,138	13	9
Petty disbursements - - - - - -	462	3	6
£.	38,752	19	6

These items cover all charges whatever for establishments, permanent and extra labour, supplies, patterns, repairs, and new plant, and amount to a per-centage of 2 *l.* 12 *s.* 10 *d.* on the cost of the stores.

If interest on the cost of the building and plant, and ground-rent be added, the addition will be as follows:—

	£.	*s.*	*d.*
Five per cent. on 63,357 *l.*, the cost of building and plant - - - - - - - -	3,168	–	–
Ground-rent - - - - - - - -	353	–	–
	3,521	–	–
Add cost of establishment, &c. - - -	38,752	19	6
Total - - - £.	42,273	19	6

Which raises the per-centage for the year 1870–71 to 2 *l.* 17 *s.* 8 *d.*

India Office, 19 March 1872.

Gerald C. Talbot,
Director General of Stores.

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TO THE

REPORT

FROM THE

SELECT COMMITTEE

ON

EAST INDIA FINANCE.

Ordered, by The House of Commons, *to be Printed,*
23 *July* 1872.

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COOPER'S HILL ENGINEERING COLLEGE:

1. *Accommodation, and Number of Supply of Students.*
2. *Cost.*
4. *Examinations and Course of Study.*
4. *Question of Facilities to Natives.*

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3. *Defence and Approval of the Works; advocacy of further Expenditure upon them.*

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10. *Responsibility respectively of the Home Authorities, and of the Authorities in India, for wasteful Expenditure; Exception taken to the Action of the Secretary of State in the Matter:*

Admission that the operations of the Public Works Department have not been free from mistakes; value of past experience in this respect, *Strachey* 6314, 6315. 6960–6964——Belief, however, that on the score of extravagant and inconsiderate expenditure on public works, the Home Government have been more open to censure than the Government of India or the Public Works Department; examination as to the grounds for this conclusion, *ib.* 6315 *et seq.*

Further consideration of the amount of responsibility or blame attaching to the Public Works Department in respect of the wasteful expenditure on railways, &c.; primary responsibility (in India) of the Government of India, whose instructions the Department carry out, without suggesting or originating expenditure, *Strachey* 6513–6536——Expediency of great caution before the Secretary of State prescribes to the Government of India expenditure on a work in opposition to the representations of the latter, *ib.* 6555, 6556.

Origination, doubtless, of misdirected expenditure in India as well as in England; opinion that the worst specimens have arisen from interference from England, *Strachey* 6773–6775——Different persons who may be responsible for excess of expenditure beyond estimates for public works, *ib.* 6820——Several authorities responsible for different mistakes or failures; limited responsibility attaching to the Secretary of State, *ib.* 6965, 6966.

Further statement as to extravagant expenditure having been caused rather by interference from England than by the Government of India, full admission on the other hand that the influence of the Secretary of State has been most valuable on various occasions of projected expenditure, *Strachey* 6981–6986——Great caution desirable on the part of the Secretary of State before proposing expenditure on works, *ib.* 6984——Considerable responsibility assumed by witness as one of the chief advisers of Government in respect of public works, *ib.* 6990.

Approval of the initiative being taken by the Secretary of State in Council in reference to public works, provided very great care be exercised, *Strachey* 7007–7012. 7014——Commercial pressure sometimes brought in England upon the Secretary of State with reference to works in India, *ib.* 7932.

11. *Local Initiation of Works; Improvements suggested:*

Great improvement if the engineer officers of the department were under the collectors, who are much better acquainted with the local wants of the districts, *Elliot* 3097. 3110–3112. 3147–3153——Consideration of objections to the proposal that irrigation works and local improvement works should be initiated by the local revenue officers; way in which the Estimates might be prepared and checked, *ib.* 3393–3407.

Explanation relative to the initiation of works in the department, and the conditions as to their sanction, and as to Estimates before works are undertaken, *Strachey* 6192. 6194–6199. 6204–6208——Fundamental rule of the department that no work can be undertaken without a previous Estimate, *ib.* 6197 6199——Military works or buildings are originated by the party that requires them, *ib.* 6277.

Advantage if concurrently with provincial financial administration, there were local consultative bodies by whom schemes should be investigated; natives should be included in these bodies, *Strachey* 6726, 6727.

12. *Estimates of the Central Department:*

Obstacles to preparing the Estimates for works in India in the same form as the English Estimates for works, the particular work being estimated for separately, *Strachey* 6404. 6441–6443——Careful preparation and revision of the Estimates of the Department, though in some instances there has been much inaccuracy, *ib.* 6431, 6432.

13. *Local Departments, System of Allocation of Expenditure to the Local Governments:*

Existence of a Public Works Department under each local Government, with full discretion in carrying out works, the Government of India exercising a general control both of policy and finance over the local Administrations, *Strachey* 6158–6163. 6201–6203——Direct control by the Government of India, of the railway administration, save in Bombay and Madras, where the control rests with the local Governments, *ib.* 6158——Direct control also of the Government of India over military works in Upper India; recent date of this arrangement, *ib.*

System upon which the annual expenditure in each Presidency is estimated; right reserved by the Government of India of limiting the outlay on any particular class of works, *Strachey* 6200–6202——Specific appropriation for military works and for irrigation works, transfers from one class of work to another not being allowed, without special sanction from the central Government, *ib.* 6201——The remission of authority to the local Governments was the result to some extent of suggestions by witness, *ib.* 6202.

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13. *Local Departments; System of Allocation, &c.*—continued.

Practice of placing at the disposal of the local Governments, as nearly similar a sum every year as possible for ordinary works; amount of allocation in each of the four years, 1867–70, adverted to hereon, *Strachey* 6209–6214——Very similar organisation of the department in the provinces to the central organisation, *ib.* 6311.

14. *Suggested Division of Public Works into Imperial and Local:*

There should be a division of public works into Imperial and local, *Right Hon. W. N. Massey* 8696–8699.

15. *Intended Adoption of State Agency in carrying out all future Works:*

Object of the Cooper's Hill Civil Engineering College to assist the policy of carrying out public works in India by direct State agency; decided approval of such policy, *Chesney* 2418–2421.

16. *Practice of excluding Interest from the Capital Cost:*

Explanation and defence of the system of treating as capital in the account of any canal, &c. only the outlay on construction, exclusive of interest on such outlay, *Strachey* 6571–6586——Denial that in commercial transactions it is the practice to charge capital with interest up to the time of profits accruing, *ib.* 6586.

Statement in further explanation of witness's views on the subject of not adding the charge for interest to the capital cost of construction, *Strachey* 7085–7088.

17. *Repairs:*

Limited variation in the annual expenditure from 1867 to 1870, under the head of "Repairs;" indispensable character of this charge, *Strachey* 6215–6217——Circumstance of repairs being excluded from the capital account of extraordinary expenditure on reproductive works; means, however, of showing the return from each work, after deducting the cost of repairs, *ib.* 6234–6263.

18. *Stores:*

Various descriptions of public works stores represented by an item of 134,000 *l.* expended in England in 1870–71, these being procured by open competition, and being carefully examined, *Hon. G. O. Talbot* 1299–1303.

19. *Detailed Execution and Supervision of Works:*

Large failure of masonry works on the railways, &c., attributed very much to imperfect workmanship; character and extent of the subordinate superintendence adverted to, *Chesney* 2483–2489. 2545–2550.

Due care taken to supervise the detailed expenditure on each work; careful allocation of the charge for supervision, *Strachey* 6429, 6430. 6443, 6444——Execution of works by contract, so far as this is practicable; superior advantage in some respects of the system of departmental work, which is largely carried out, *ib.* 6433, 6434.

Considerable outlay formerly in the execution of works, much unnecessary expense having been incurred through the want of concentration; remedy of this evil recently, *Strachey* 6435–6440——Satisfactory local contracts sometimes made in India in carrying out public works, *ib.* 6844——Extent to which increase of cost may have resulted from delay in the prosecution of works, or from too many works being on hand at the same time, *ib.* 7798–7808.

20. *Mysore:*

Paper submitted to the Committee, and evidence in explanation, relative to the unsatisfactory operation of the Public Works Department in Mysore, *Elliot* 3096, *et seq.* 3333–3335. 3375–3389. 3424–3429.

Observations by Colonel Sankey, Chief Engineer and Secretary to the Government of Mysore and Coorg, upon the evidence of Mr. Elliot relative to the operation of the Public Works Department in Mysore; denial of the accuracy of certain statements and conclusions in this evidence, *App.* 635–638.

21. *Statistics of Annual Expenditure:*

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22. *Estimate of Expenditure for 1872–73:*

Total of 2,615,000 *l.* as the Estimate of extraordinary outlay for 1872–73; opinion that this expenditure, out of loan, is not unduly large, *Strachey* 6410. 6421–6427. 6459.

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22. *Estimate of Expenditure for 1872-73*—continued.

of 2,615,000 *l.* for public works ordinary in 1872–73, *App.* 499——Intention to defray the large expenditure in 1872–73 on public works extraordinary, without borrowing either in England or India, *ib.* 504.

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Punjaub Northern Railway. Military object of the Peshawur line, which is not expected to pay, *Thornton* 2037.

Inaccuracy of certain figures in a report by the Government Director of Railways relative to the cost to be incurred by the Punjaub Northern and other State lines, *Major Strachey* 6794. 6873, 6874. 7081–7084——Promotion of the Lahore and Peshawur line entirely on military grounds, *ib.* 6795.

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R.

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II. *State*

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II. *State Railways:*

1 Generally as to the proposed Extension of State Railways.
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I. *Guaranteed Railways:*

1. Origination of the System of Railways by Lord Dalhousie:

Statement as to Lord Dalhousie having laid down the system of railways throughout India, *Danvers* 1987. 2019, 2020 ——Strong views of Lord Dalhousie, as expressed in a Minute, in April 1853, as to the advantages of construction by companies under guarantee and subject to supervision, *ib.* 2059–2062.

Comment upon, and dissent from, the opinions expressed by Lord Dalhousie (as quoted by Mr. Danvers) in favour of the guarantee system, *Thornton,* 2946, 2947.

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2. Official Explanation and Defence of the Contracts between Government and the Companies:

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Lengthened negotiations between the railway companies and the East India Company as to the terms of the contracts and of the guarantee, the arrangement finally taking the shape of a compromise, and thus involving some inconsistencies, *Danvers* 2751——Explanation as regards the grant of a lease to the companies for ninety-nine years, that power was taken to purchase at the end of twenty-five years or of fifty years, so that the lease was practically terminable at those periods, *ib.*

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3. Evidence in strong Condemnation of the Terms of the Contracts:

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Conclusion as to the responsibility of the law officers who drew the contracts; examination hereon upon the statement that the contracts are a perfect disgrace to those who drew them, *Thornton* 1905, 1906. 1911–1921. 1933–1937——Degree of responsibility respectively of the railway committee of the East India Company, and of the railway Committee of the Indian Council, *ib.* 1907–1910——Probability of the contracts having been prepared by Mr. James Wilson when Secretary to the Board of Control; blame attaching nevertheless to the law officers employed, *ib.* 1915–1919. 1934–1937.

Grounds for objecting to the provisions in the contracts relative to the mode of determining the interest to be used in calculating the annuity to be paid to any company whose

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3. Evidence in strong Condemnation of the Terms of the Contracts—*continued*.

whose line is taken over by Government; great ambiguity involved, if the purchase be by annuity instead of by a lump sum, *Thornton* 1921–1937.

Further evidence in strong condemnation of the terms entered into by the East India Company with the railway companies, *Thornton* 2973–3017. 3038–3070——Exception further taken to the ambiguous character of the Annuity Commutation Clause, *ib.* 2973–2975. 3060–3062.

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4. Evidence as to the Evils of the Guarantee System:

Opinion that the cost of the railways has been greatly enhanced by the system of guarantee, *Thornton* 1781, 1782——Conclusions as to the evils of the guarantee system; opinion that it has not served any purpose which might not have been better served without it, *ib.* 1853, 1854. 1862. 1864——Prejudicial effect of the guarantee system, as expounded by the contracts, rather than of the contracts themselves, *ib.* 1876——Witness does not concur in the evidence generally of Mr. Danvers, as to the merits of the guarantee system, *ib.* 2115.

Opinion that but for the guarantee system (and this was its only merit) the scheme of railways in India would never have been carried out at the time, *Chesney* 2620, 2621. 2639, 2640. 2643–2646——Conclusion that there should be no further guarantees, the disadvantages being greater than the advantages, *ib.* 2641–2644.

Explanation that witness's dissent from certain evidence of Mr. Danvers refers not to matters of fact, but to opinions generally of the latter in favour of the guarantee system, *Thornton* 2802, 2803——Belief that capital would have been forthcoming without the guarantee, but that it was rendered impossible subsequently to the guarantee having been granted, *ib.* 2972. 3029–3031.

Decided objection to the system of guaranteeing companies a fixed rate of interest upon a large amount of capital, *Strachey* 6845.

5. Official Defence of the System of Guarantee:

Dissent from Mr. Thornton's views in strong condemnation of the guarantee system, doubt whether any other system could at the time have equally well secured the construction of railway in India, *Danvers* 1861–1863. 1881–1891——Conclusion as regards the guarantee system, that whilst it is open to many objections, it was a suitable and proper system to adopt under the peculiar circumstances of India twenty-five years ago, and that several advantages have appertained to the system, *ib.* 2048–2065. 2108–2114.

Value of the system in having secured a regular supply of funds as required, facility of supply even during the mutiny, *Danvers* 2049. 2108–2114——Advantage of the guarantee system as opening a new channel for attracting English capital to India, *ib.* 2049.

Dissent from certain views expressed in a despatch from the Government of India, dated 22nd March 1869, as to the guaranteed companies having little, if any, interest in keeping down the capital expenditure, or the working expenses, so long as these are covered by the receipts, *Danvers* 2752–2767. 2816–2823.——Result of witness's experience at the railway boards, that the guarantee does not destroy proper incentive to economy, *ib.* 2753–2755.

Evidence at variance with a statement by Mr. Laing, that the company system is opposed to lump contracts, and that directors are individually interested in keeping the expenditure in their own hands, *Danvers* 2778–2787——Concurrence with Mr. Laing as to the advantage of the facilities of the companies for providing capital for the works by means of calls upon the shares, *ib.* 2788, 2789——Opportunities of witness for forming an opinion as to the inaccuracy of certain statements by Mr. Laing, though these referred to a time anterior to witness's official position at the boards, *ib.* 2808–2814.

Further statement as to the greater facility with which the required capital was raised through the guarantee system, than, if the Government of twenty-five years ago had sought to raise the whole sum directly, *Danvers* 2859–2861. 2874, 2875——Interest of the boards in practising economy, although there may not, for the time being, be any prospect of earnings in excess of the guarantee, *ib.* 2878, 2879.

6. Intended Discontinuance of Guarantees in future:

Limit put by Government to the guarantee system, save as regards existing companies, *Danvers* 1862. 1868. 1981, 1982——Disapproval of a continuance of the system, save as regards extensions of existing lines, *ib.* 2056–2058.

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7. Views of Mr. Laing in approval of the Guarantee System:

Immense importance attached to the railways carried out under the guarantee system; wisdom of the large expenditure on this score, though the returns hitherto involve a considerable loss to Government, *Laing* 7526, 7527. 7556, 7557——Important advantages of the guarantee system, witness being disposed to prefer the system to the plan of construction by the State, *ib.* 7528, 7529.

8. Action of the Secretary of State in Council as regards Guarantees:

Statement that many financial arrangements relative to the guaranteed railways have been settled by the Secretary of State in Council, without the cognisance of the Government of India; necessary consent of the majority of the Council, *Strachey* 6780-6782. 6785-6787.

9. Functions and Action of the Government Director at the Boards:

Outline of witness's duties as Government Director of the Indian Railway Companies, *Danvers* 1675-1679——Control exercised by him over such matters of expenditure as come within his province, *ib.* 1676——Circumstance of witness having on only one occasion felt compelled to exercise his powers of veto at the boards, *ib.* 2797-2801. 2824, 2825——Official utterance given by witness to his view that the guarantee system had been of great service, but that the time had come for altering it, *ib.* 2815.

Statement as to witness having no voice at the boards upon the question of the adoption of extension or branch lines; ample data before the Secretary of State in coming to a decision upon such question, *Danvers* 2824-2834——Doubt as to witness having ever represented to the Secretary of State that any branch or extension line should not be carried out; recent instance of his having recommended an extension line, *ib.* 2833-2835.

Explanation that, as regards the question of injudicious interference by the Home authorities relative to the railways, witness does not in the slightest degree refer personally to the Government Director of Railways, *Strachey* 7073

10. Failure of Attempts to substitute a Subsidy for a Guarantee:

Attempt made by Lord Dalhousie to subsidise railways, instead of guaranteeing them, but without success, *Danvers* 1865——Explanation relative to the failure of a more recent attempt by Government to substitute a subsidy for a guarantee of interest; obstacle through the extensive powers of control claimed over the companies, *Thornton* 1870-1880.

11. Constitution and working of the Railway Boards:

Advantage of the guarantee system in having secured the continuous and almost undivided attention of a competent body of men in this country to each undertaking, *Danvers* 2049——Explanation (in reply to charges by Mr. Laing, in 1861) relative to the practice at the railway boards in obtaining and accepting tenders for stores for India; presence of witness, as official director, on these occasions, *ib.* 2769-2777.

Extract from a report by witness, and from a Paper prepared by the chairman of the East Indian Company, showing the constitution and working of the boards, and the detailed mode of transacting business, *Danvers* 2792.

Personal interest taken by the individual directors in the transaction of business; amount of their remuneration adverted to hereon, *Danvers* 2793-2796——Work performed by the directors further adverted to in connection with their remuneration, *ib.* 2880-2883.

Exception taken to a statement by Mr. Danvers, that a prominent advantage of the guarantee system was, that it secured the continuous and almost undivided attention of a competent body of men to each undertaking, *Thornton* 2954. 2962-2966.

Explanation in modification of former statement, that the directors of the companies gave their "almost undivided" attention to the business of the railways, *Danvers* 2955-2962.

12. Constitution of the Committee at the India Office:

Conclusion as to the Railway Committee at the India Office being well qualified to consider the railway questions; constitution of the committee adverted to, *Danvers* 2940-2945.

Decided unfitnes of a committee of the Indian Council for conducting the business of the railways, *Thornton* 2967-2971.

13. Terms upon which guaranteed Capital has been raised:

Examination on the subject of a guarantee of five per cent. having been given on a large amount of railway capital, whilst public loans have been raised at four per cent.; causes of the different value of India stock and of railway stock in the market, *Seccombe* 1525-1561.

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13. Terms upon which guaranteed Capital has been raised—*continued.*

Varying rates of interest at which the capital has been raised; explanations as to the higher rates paid than are paid for Government loans, although the former has the Government guarantee, *Danvers* 1728. 1746——Considerable amount received as premiums upon the issue of new capital; saving of interest upon this portion of the capital, *ib.* 1731–1739——Lower rate at which the required capital might have been raised by Government, *ib* 1887, 1888.

Necessity of the offer of good terms to capitalists, or the large capital required would not have been forthcoming, *Danvers* 2874, 2875——Arrangement as to the premium at which stock is now issued, the amount thus derived being applied to capital without carrying interest, *ib.* 3018–3024.

14. Cost of Construction:

Opinion that the cost of the railways has not been enhanced by the Government control, and will bear favourable comparison with the cost of the public works carried out by Government officers, *Danvers* 1750–1753. 1758——Admission, however, that the railways were constructed at an undue cost, owing chiefly to the want of experience in the officers charged with the control and supervision, rather than to the guarantee system, *ib.* 1776–1780. 1783–1789——Impression that the original cost was under-estimated by Lord Dalhousie, *ib.* 1800——Very much less cost at which it is expected that all future lines will be made, *ib.* 1977–1980.

Enhanced cost of construction by reason of the guarantee system, *Thornton* 1781, 1782——Varying cost of the broad gauge, from 9,000 *l.* to 23,000 *l.* a mile, *ib.* 1957.

Several respects in which the guarantee system was much more costly and wasteful than if the construction had been undertaken by Government, *Chesney* 2622–2625.

Denial that the companies were not interested in keeping down the cost of construction, *Danvers* 2752–2767. 2816–2823. 2878, 2879——Opinion that there was no ground for a statement by one of the Government engineers in India that there is a direct inducement to expend as much as possible on their works, *ib.* 2768.

Explanation that in referring to the public works officers as unexperienced at first in the construction of railways, witness does not mean to imply that they are or were ignorant of their professional duties, *Danvers* 2908, 2909——Tendency of the divided responsibility under the guarantee system to produce delay generally, *ib.* 2933——Doubt as to works and estimates being the more rapidly assented to because there are two parties in the matter, *ib.* 2934–2939.

Lavish expenditure in connection with the guaranteed railways and their construction, *Right Hon. W. N. Massey* 8866, 8867.

15. Extensive Failure of Works:

Information relative to the extensive failure of bridges, &c., owing to inexperience of defect of construction; reference more especially to the numerous and costly failures on the Great Indian Peninsular line, and the charge imposed thereby on the revenues of India for the further capital guaranteed, *Danvers* 1790, 1791. 1793–1804.

16. Management and Working of the Lines:

Imperfect management of the railways, *Strachey* 7933, 7934——Opinion that third-class trains should be increased, *ib* 7934——Excessive number of fast trains, *ib.* 7935.

Statement showing that the traffic arrangements require careful re-consideration, *Strachey* 7935, 7936——Advantage of reducing the number of trains, and of adopting the system of mixed traffic, *ib.* 7936.

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Inaccuracy of a statement as to the decreased traffic receipts of the railways being owing to the bad treatment of the natives by the European employés on the lines, *Strachey* 6504——Examination relative to the returns of railway traffic from passengers and goods respectively, in 1869–70, and the deficiency formerly of the accounts in not showing in a satisfactory form the results of working in each case, *ib.* 7809–7822——Statement that on several lines the passenger traffic has much more than paid its expenses, *ib.* 7809. 7812, 7813.

Admission that the goods sent over the railways in 1870–71 cost about 2 *d.* per ton per mile to the public, the deficiency in respect of guaranteed interest paid by Government representing another 2 *d.* per ton, *Strachey* 7823–7834——Circumstance of the traffic of the railways including the conveyance of the materials used in construction, *ib.* 7856–7858——Statement showing that the traffic is not falling off, *ib.* 7859——Belief that the charge per ton for agricultural traffic is much less than 2 *d.* per mile, *ib.* 7860–7862——Main proportion of the passenger traffic which is third-class, *ib.* 7933.

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18. Gauge:

Use of the five-feet six-inches gauge on the guaranteed railways, *Danvers* 1953, 1954 ——Very much larger extension of railways throughout India if the money expended on broad gauge lines had been all applied to the narrow gauge, *ib.* 1959–1961.

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3. *Accounts and Audit; Deficiencies hereon*—continued.

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4. *Financial Arrangement between the Imperial and Indian Governments; Question considered as to the fairness of the charge upon the Revenues of India:*

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5. *Payment by India of the Officers and Crews of the Troop Ships:*

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6. *Practice as to employment of the Vessels for Imperial Purposes:*

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8. *Length of the Voyage viâ Suez:*

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9. *Details generally relative to the Vessels employed, and the performance of the Service:*

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